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FEDERAL REPUBLIC OF GERMANY

Comments on Relations Between Geissler, Kohl
36200156 Hamburg DER SPIEGEL in German
6 June 88 pp 35, 37

[Article by Dirk Koch: "A Window of Vulnerability—For Kohl"]

[Text] Looking at the political map of the FRG, Hans-Dietrich Genscher begins to brood. "North of Remagen, everything is red now, except for the two black [conservative] enclaves." What will happen?

Can the CDU maintain its position in the enclave of Lower Saxony in 1990, where it is governing with a mere one-vote majority, propped up by the FDP?

The other spot, Berlin, held by the Christian Liberals, plays a minor role in the question of power for Bonn since it lacks full voting rights in the Senate of the Federal Parliament.

Is the border at Remagen? How secure is the CDU in Hesse? Will Frankfurt, the heart of the Land, fall to the SPD? In the municipal elections in March 1989, colorless CDU Mayor Wolfram Brueck will have a dangerous challenger in Social Democrat Volker Hauff.

For the first time since their new term of office, the Bonn coalition no longer hold a majority in opinion polls. The Liberal with a knack for survival has a finely-tuned sense that the CDU of Helmut Kohl is no longer as impressive as at the turnaround 5 and 1/2 years ago; Bonn is again approaching the change of life.

With and under Kohl, the largest of the three coalition parties has lost its identity, and Heiner Geissler's restless search for a new Christian Democratic identity toward left center is being countered by the phlegmatic "sitting giant" Kohl. Says Genscher: If the partner's identity crisis continues, it will "endanger the life of the government coalition." Party Congress proposals, with which Geissler wanted to streamline the CDU program, were censored by the chancellor beyond recognition.

So whoever wants to win in the provinces, tries to do it not with, but against Bonn. CDU Minister President Lothar Spaeth, Kohl's vice chancellor, successfully carried out his election campaign in this manner. Party pal Ernst Albrecht again gained recognition at home ever since he pressured Bonn into a redistribution of the public welfare burden. Occasionally Hesse's CDU government chief, Walter Wallmann, gladly succumbs to the temptation of gaining quick points by publicly criticizing Bonn. All of them are right, but so is Franz Josef Strauss: It doesn't serve to preserve government power.

The federal Laender governed by the CDU are becoming the difficult fourth coalition partner. From case to case, each of them can independently look for the great

coalition with SPD Laender—allegedly vital cases are easy to find—and Kohl's majority in the parliamentary Senate is gone. Genscher makes enigmatic remarks about "the two faces" of the Christian Union parties without being aware of the many faces of his FDP.

If Genscher and Geissler were to speak openly to each other—they don't, the chasm is too deep—the CDU general secretary could make the godfather of the Liberals even more thoughtful. If Geissler were to summarize all his bitter experiences and disappointments, they would culminate in the sentence: "He doesn't know how." And "he" is Helmut Kohl.

The party manager hears enterprise boss Helmut's repair crew knock and saw away, but he lacks faith in the completed work. Tax reform—wasted. Health service reform—people are irate. Pension reform—at the expense of pensioners and contributors. Unemployment—no falling tendency. Prospects of a policy for the 1990's, possibly for the next century? Negative report.

Nothing fits together. "As CDU general secretary, I am not satisfied with the representation of the policy of the federal government," Geissler said recently before the Bavarian Junge Union [CSU youth organization] at Oberstdorf. When he complains about the "representation," he aims at Kohl and most of his cabinet members, not only at the inadequate packaging by the government spokesman with his limited capabilities. The products, themselves, are even more important. Yes, Franz Josef Strauss had "been right" with his accusation of a slipshod approach to the tax reform.

Geissler does not know how much more his own party will put up with, and for how much longer. If even only a part of that were to appear in print which the general secretary gets to hear from Kreis managers or editors-in-chief of conservative newspapers in the provinces about Kohl and his government, the vice chancellor's eyebrows would rise even higher, and the number of wrinkles on his forehead would grow to 14.

It is possible that Kohl will manage to lull his party once again at the Party Congress in mid-June. But it is also possible that the grousing won't stop, that the fears of losing power in the Laender and municipalities will turn to aggression even on the federal level against one's own leadership.

Geissler and his manager, Peter Radunski, are afflicted these days by moods of doom. How are they to act if the shout comes, "Kohl must go?"

A cabinet reshuffle will then be of no help. The party people demand the kind of chancellor's bonus with which Konrad Adenauer, at least during the first 12 years of his term of office, pulled his CDU out of every low. With Kohl, the CDU must definitely allow for a chancellor deficit.

Of course, Geissler does not want to, and cannot, seriously harm his Kohl. He would like to be made of the stuff of a Herbert Wehner who once accused Willy Brandt, "the chancellor likes to bathe lukewarm," and then tipped him over, bathtub and all. He is weaker than Herbert Wehner, and weaker than Kohl, who does not allow himself to be tipped over, even if Geissler resents that he does not work enough, that he thinks too much about himself and the joys of office, that he does not care what becomes of the CDU if the FDP, perhaps in the middle of the next legislative term, sees the time has come for a change.

Will Kohl take a final risk in autumn of 1988, as Geissler supporters in the Konrad-Adenauer-House rumor, far enough removed from the Berlin Land elections in 1989 and the parliamentary elections in 1990? Or will the "window of vulnerability," which Geissler strategists take for granted, remain tightly closed?

There would be a successor in Lothar Spaeth, an imaginative technocrat who, unlike Kohl, is well-liked by industry and who could finally make a future for the Bonn enterprise, as he did with his Baden-Wuerttemberg shop.

Geissler and company are also thinking ahead about what would have to be done if the case should arise. The first blow must only be struck by someone willing to sacrifice himself, of whom no one could say that he was acting only for his own advantage.

This excludes Spaeth, with his ambition to become chancellor, and Geissler, also, because he would like to inherit the party chairmanship from Kohl.

The old gentleman, Alfred Dregger, 67, would be the right man. His term as chairman of the parliamentary caucus is running out, anyway. He never liked the chancellor, and he is also vain enough to play, for a last time, a leading role in such a major government action.

"That's all nonsense," says Friedrich Zimmermann: Kohl stays. He is right, Genscher agrees. But he is no less taken aback by the condition of the large coalition partner.

Helmut Kohl would hardly put him in a happier mood if he—as before the change in power—were to have heart-to-heart talks with Hans-Dietrich [Genscher].

But lately, Kohl speaks as sparingly with Genscher as Genscher talks to Geissler; short exchanges in the cabinet are confined to business. The climate is cold.

So the vice chancellor can only surmise that the chancellor is tired of "General Heiner" [Geissler] and would like to get rid of him. Kohl already knows of a tame successor—his Hamburg bondsman, Major Hartmut Perschau (ret.); trust for trust.

But how? Geissler has been elected general secretary until 1989, and if he is to fall, he must fall softly. Kohl's intimates say, why should he not inherit the Minister Presidency of Rhineland-Palatinate from Bernhard Vogel if the latter were to be appointed chairman of the Christian Democratic Konrad Adenauer Foundation? Both Vogel and Geissler already turned it down. Vogel would accept the foundation office only if its statutes will permit him to continue in his governing position as a second job.

The next idea: Geissler is to become the minister of labor, and Norbert Blum is to concentrate immediately on the struggle for power in North Rhine-Westphalia. In the most heavily populated Land of the republic, the Land parliamentary election is coming up in 1990, shortly before the federal parliamentary elections.

Kohl's aides argue that a CDU challenger to SPD chief of government Joannes Rau, accustomed to victory, would be credible only if Blum, without the backup of a Bonn ministry position, were to go into battle fully committed, even willing to take the step into the Land parliamentary opposition. Blum does not like it one bit. Is that to be the reward for all his strenuous efforts in Bonn?

At any rate, the chancellor no longer has a friend in Blum. Should he stumble, Blum will not support him.

Genscher will have to add another wrinkle to his forehead.

CAPTION to the cartoon [not reproduced] in the NEUE OSNABRUECKER ZEITUNG: "Let's hope the weight loss is only external!"

9917

Discussion Concerning Successor for Bangemann

FDP Leadership Displeased by Activities of Moellemann

36200158 Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG in German 28 May 88 p 2

[Article by C.G.: "The FDP Leadership Is Finding the Activities of the North Rhine-Westphalia State Chairman To Be Unpleasant and Troublesome—If Frau Adam-Schwaetzer Is To Be Given a Ministry, Then It Must Be Considered That Moellemann Will Have To Vacate His Cabinet Position Without Compensation"]

[Text] In the FDP Presidium and in the Bundestag parliamentary group of the party, there are increasing expressions of displeasure with respect to Minister of Education Moellemann because of his solo activities involving his thoughts on changes in the Federal Cabinet. On Friday, restraint was practiced externally so as not to exacerbate the discussion of the leadership question and of the status of the party, which is to be held this Saturday at the FDP Federal Main Committee meeting

at Wuerzburg. Members of the party leadership told this newspaper that the displeasure regarding Moellemann's conduct was growing. The North Rhine-Westphalian state chairman and his attempts were also said to be damaging to the economic policy spokesman of the parliamentary group, Lambsdorff, although Moellemann is attempting to promote the candidacy of the count to be party chairman. It is said that Moellemann wants to show, with all manner of speculative involvements, that he determines the course of events. In contrast to Moellemann's representations, the FDP Presidium is said to have agreed that the current distribution of ministries in the Federal Government should remain intact for the entire duration of the present legislative period.

A member of the leadership, who is also influential in the parliamentary group said: "If Frau Adam-Schwaetzer becomes party chairman and is to be given a ministry, consideration must be given to the fact that Moellemann would have to give up his post in the cabinet without compensation in return." A switching of ministries was out of the question for the FDP: "Switching Moellemann into the Ministry of the Interior is something only one person in the FRG seems to want—Moellemann himself." If, in the future, too many North Rhine-Westphalians are in the cabinet, then it can only be Moellemann "who must go." The party leadership is said to be unanimous in perceiving the "activities of Moellemann as unpleasant and burdensome." Misleading games regarding the distribution of cabinet posts could also not serve the FDP well within the coalition. No state association—not even the one from North Rhine-Westphalia—is said to be able to make a preliminary decision with respect to the election of the FDP federal chairman the way Moellemann contemplates it.

In a discussion with a newspaper, Foreign Minister Genscher placed emphasis on the fact that the FDP would elect the new party leadership "in an open and in no way previously agreed upon decision" at the party congress in October. The FDP was said to now have the opportunity to act in a "style-building manner" and to comply with a generally growing call for "more openness and transparency." Lambsdorff and Frau Adam-Schwaetzer were said to be "two first-class candidates" who guarantee the independence of the party. The Parliamentary group chairman, Mischnick, praised the "collegial and liberal leadership style" of Bangemann. He said that, in October, the party congress will elect a team which would have to "jointly and in a closed-ranks manner undertake the timely development of liberal perspectives for the coming decade" and, thus, already for the time following the 1990 Bundestag elections. FDP treasurer and deputy parliamentary group chairman Solms said that Lambsdorff and Frau Adam-Schwaetzer, as experienced politicians, would not permit their personal competition to become a burden on their work in the Bundestag parliamentary group and in the party in the coming months until October. "At the beginning of this legislative period we agreed with our CDU AND CSU partners in the coalition agreement who would take over

which ministries," Solms said in a newspaper article. The federal chancellor and the FDP Presidium are said to have confirmed this week that there would be no exchanging of ministries prior to the Bundestag elections.

Frau Adam-Schwaetzer told this newspaper that she had made the decision to be a candidate for party chairman on her own. Following long considerations, she said her attitude toward the decision had become firm. She said the coming 4 months should be used to collect positive points for the FDP with a decent style of conduct. She and Lambsdorff were said to be standing "on the same programmatic foundation." The delegates of the Federal Party Congress could decide whom they would entrust with most clearly representing that which characterizes the FDP as the party of the future and of freedom. In a democracy, election always also signifies selection. She said that together with Lambsdorff and Haussmann she would work out the "Wiesbaden Declaration." This document should serve to clarify the substantive concepts of the FDP for the 1990's. Frau Adam-Schwaetzer expressed her intention to list the requirements and consequences of the structural change in industry and agriculture in the "Wiesbaden Declaration" and make it relevant to population developments. More and more Germans, she said, were growing older; the need for self-help was growing; the taxation system was not adequately attuned to this. A change in values is said to be discernible among young people: They want to make a contribution, but consider working not only as a means for earning money, but they also wish to live. Environmental policy must be understood on a worldwide basis as "survival policy." In terms of developmental policy, it must be clarified whether mere free trade would not exacerbate the difficulties in the third world. Also, the results of the coalition agreement should be listed: the tax reform and postal reforms. For the remainder of the legislature period the focal points which are imperative for the FDP must be identified so that the impression that, within the coalition, "one partner has only picked out the raisins and the other is being served bitter wine" does not arise. Bangemann's credits must be anchored in the "Wiesbaden Declaration," Frau Adam-Schwaetzer said. Lately, she said Bangemann was being treated unjustly: "We must not forget that he brought a sigh of relief to the FDP and gave everyone the opportunity to unfold and to grow; he won elections with us." Lambsdorff declined to make a statement to this newspaper with the remark that an election battle in the FDP would now not originate with him.

Few Cabinet Changes Expected if Lambsdorff Elected
36200158 Frankfurt/Main FRANKFURTER
ALLGEMEINE ZEITUNG in German 31 May 88 p 2

[Article by C.G.: "Lambsdorff: With Me There Will Be No Musical Chairs in the Cabinet—Genscher's Role in the Party/Personnel Discussion Within the FDP"]

[Text] One of the two candidates for FDP chairman, Count Lambsdorff, announced in Bonn on Monday, in

the event of his election to succeed Bangemann in October, there would be no "musical chairs" in the Federal Cabinet. Lambsdorff told this newspaper that in the event of his election, only the federal economics minister would be changed; he sees no other candidate for this position than current Secretary General Hausmann, who was formerly the economic policy spokesman of the FDP Bundestag group. He, himself—Lambsdorff—would intend to place his entire working strength at the disposal of the party, undiminished by the burden of a ministry. Lambsdorff referred to considerations ongoing in the FDP as to how the Foreign Ministry, the Economics Ministry, the Ministry of Education, and the Ministry of Justice, which the party intends to hang on to in the future, in accordance with the resolution passed this weekend by the Federal Main Party Committee at Wuerzburg are to be staffed following the reassignment of Bangemann to Brussels. It had been expressed several times that, in the event Minister of State Frau Adam-Schwaetzer became FDP chairperson, she would have to become a minister; for these purposes, only the Ministry of Education could be applicable, which the current minister, Moellemann, would have to then leave. Changes in various combinations were talked about and, for the most part, rejected. Lambsdorff said in a statement intended for his party: "With me you don't have this vexation." If he became chairman, transfers would be superfluous.

After the contemplations of Moellemann that the FDP could, for example, exchange the Economics Ministry for the Ministry of the Interior with the CSU had resulted in irritation within the FDP, Lambsdorff said: "As far as I'm concerned, there is no renunciation of the Economics Ministry; and Moellemann knows this by now." Lambsdorff let it be understood that he had clarified with Moellemann in a recent conversation that the latter's contemplations regarding shifts in the cabinet could not be realized. Long ago, Moellemann had also once recommended that Research Minister Riesenhuber be appointed as minister of the interior and that, in return, a "future ministry" be established by combining some jurisdictions of the Ministry of Education and the Research Ministry, as well as of other ministries to be staffed by the FDP, Lambsdorff indicated. Such considerations have long since become outmoded. Within the FDP, there had, finally, been some discussion regarding Moellemann's wishes to become minister of the interior.

On Monday, word came from the FDP Bundestag group that Moellemann need not fear for his position within the cabinet. In the event Frau Adam-Schwaetzer were to campaign for the Ministry of Education against Moellemann, word was that she had no prospects of obtaining a majority. The "Schaumburg Circle"—a cohesive group of the major portion of the FDP parliamentary group around delegates Kleinert and Solms—would not drop one of its members—Moellemann. The parliamentary group is said to have decisive input with respect to proposals made by the FDP for the offices of ministers. Nevertheless, it can hardly be anticipated that Frau

Adam-Schwaetzer would gain the approval of the above circle in the event she were to try for the parliamentary group chairmanship following the Bundestag elections in 1990. The uncertainties are more exacerbated by the fact that only the next Bundestag parliamentary group can make the appropriate decision. That is why the "package solutions" put together in accordance with Moellemann's ideas, which contained an offer to Frau Adam-Schwaetzer that she could count on gaining the parliamentary group chairmanship in 1990 if she were to give up her candidacy to become FDP chairman in exchange, were untenable for future purposes.

Speaking on the radio, Frau Adam-Schwaetzer said that the "decision would have to be made later" whether she would have to be a member of the cabinet if she became party chairperson. At first, the only thing that mattered was the campaign to become FDP chairman. The appearance of a third candidate is said to be very unlikely. The FDP should not burden itself by adding the additional topic of these considerations. Although the former party chairman, Genscher, she said, was currently the "peak ace" of the FDP, he is amply occupied with his Foreign Office and would "not participate in this discussion." Additional word within the FDP is that Genscher is said to know that old sensitivities against his former leadership style would immediately arise if he were to appear at the center of things with all his authority and competences, even formally.

Meanwhile, word within the CSU is that, despite everything, it is conceivable that, under certain circumstances, the FDP might be ready in the fall or winter to undertake a "castling" involving the exchange of the Economics Ministry for the Ministry of the Interior. Should the FDP cede the Economics Ministry to CSU politician Weigel, it would retain the Foreign Office all the more uncontested. The CSU is said to have a plausible economics minister to offer, even though Weigel is giving assurances that he feels well in his position in the Bundestag. Even Weigel's closest friends are said not to know "when the quantum leap would take place," but consider such an exchange to be a possibility.

05911

Genscher Sharply Criticized by CSU Party Newspaper

36200142a Frankfurt/Main FRANKFURTER
ALLGEMEINE ZEITUNG in German 19 May 88 p 1

[Text] Munich, 18 May—The party newspaper of the CSU, the BAYERNKURIER, has indirectly demanded that Minister of Foreign Affairs Genscher resign. "But if Genscher cannot or will not understand what is really at stake here, then he should go," wrote editor-in-chief Scharnagl in the most recent edition. He was referring to the Feldafinger declaration by the "Foreign Policy Working Group" of the CDU-CSU Bundestag caucus to the effect that the FRG should assume greater political responsibility in crisis areas outside the area of the

NATO alliance. Reference was also made to Genscher's reaction to the effect that it cannot be the role of the FRG to act as a "world policeman." Scharnagl said that no one in the CDU-CSU had demanded that the FRG act as a world policeman, and that Genscher knew that perfectly well. "There has clearly been scant regard for and intentional manipulation of the truth in order to depict the CDU-CSU as a frightening specter and to strike out against it," wrote Scharnagl. The truth, however, is that the Federal Government, "under the ill-fated influence of Genscher, was too cowardly" to provide a sign of solidarity with other allies and send two German minesweepers to the Persian Gulf, he said. Our allies have neither forgiven nor forgotten this omission, he added.

Furthermore, the BAYERNKURIER attacked Genscher for rejecting as "uncalled-for" a certain level of discussion concerning refilling posts in the Ministry of Foreign Affairs. The newspaper felt that CDU-CSU foreign policy experts still have the right to express their "hope" that one of their own will become minister of Foreign Affairs in the not-too-distant future. "The champions of monopolies," Scharnagl wrote, "are extremely unhappy when there is mere discussion of their exclusive domination; they become utterly provoked once someone dares to see through and question their monopolistic claim, as well as to point out the conceivability and possibility of its termination." The newspaper said that although there is a "core element" of common foreign policy convictions in the FDP and CDU-CSU, "the special style of FDP foreign policy" is open to criticism. The party newspaper reprimanded Genscher for "continually blowing his propagandistic horn of detente," for his "hectic addiction to travel," and for the fact that the minister of Foreign Affairs is praised by the SPD with striking frequency and that Horst Ehmke has even said that Genscher should pay copyright royalties to the SPD for his type of foreign policy. "The Ministry of Foreign Affairs is not public housing with a permanent lease," the BAYERNKURIER wrote.

12271

Ehmke on SPD, Ties to Unions, FDP
36200149 Munich SUEDEDEUTSCHE ZEITUNG in
German 18 May 88 p 11

[Interview with Horst Ehmke by Martin Sueskind of SUEDEDEUTSCHE ZEITUNG: "We Are in Agreement With the FDP to a Large Degree—in Foreign Policy"; first paragraph is SUEDEDEUTSCHE ZEITUNG introduction]

[Text] Horst Ehmke: Once he was Willy Brandt's young warhorse in the Chancellery. Today, the 61-year-old deputy chairman of the SPD Bundestag parliamentary group, is considered to be one of the most important advisers of the new SPD chief, Hans-Jochen Vogel, on foreign and domestic policies. In the interview with SUEDEDEUTSCHE ZEITUNG (SZ) he comments on

the "modern" SPD and its relationship with the labor unions, on the question of a future FDP coalition partner and—respectfully but bluntly—about Otto Graf Lambsdorff.

SZ: A long time ago a transition of power took place in which you, Mr Ehmke, as Willy Brandt's young man directed a kind of shock troop action, namely the assumption of the chancellor's office for the Social Democrats. That was almost 20 years ago. Since then, you have done almost everything that can be achieved as a politician, but never in the topmost position: you have not been chancellor, or party chairman, or chief of the parliamentary group. Has the dream ended?

EHMKE: Well, it was a dream from the very start, but not a dream that gave me sleepless nights. I have always had too many interesting things to do in my life for me to think that I was not living the right way if I did not become one thing or another. Aside from chance happenings: For example, I would have liked to become chairman of the parliamentary group after Herbert Wehner, but it was completely obvious to me that Jochen Vogel as a chancellor candidate must also have the possibility available to him to become opposition leader. By the way, the drawbacks must also be considered: top offices require almost complete self-denial of one's own inclinations and interests. I have seen that in the case of two chancellors. Now, I also see that with Vogel. The political operation is so all-consuming that it becomes difficult to find oneself again. That has increasingly convinced me that people should not shirk responsibility nor should they push their way to the front.

SZ: Who is now on top in politics: the [Bjoern] Engholm type or the [Oskar] Lafontaine type—in other words, soft seduction by search for truthfulness or rousing leadership by exposing and dealing with real conflicts....

EHMKE: I believe that this is not an unimportant but, nevertheless, a superficial question. First of all, what is important is what the two of them want in the matter. But in that respect they are very close together. Both of them are representatives of the modern, the future SPD. Then, indeed, there are, in addition, the differences in temperaments. In this connection, there is a need to include—something that amounts to a regrettable but real restriction on the choice of persons (e.g., people with goatees have no longer any chance)—the fact that TV plays an increasingly greater role. I could imagine that Bjoern has an even greater TV impact than Oskar even though Oskar can be the more rousing speaker in the street or in the large hall. Thus, the answer is something like that: Since God's animal kingdom is big, the SPD ought to be rich in temperaments and abilities. For example, when there is an executive genius like Hans-Jochen Vogel on the one side, who performs quite an important duty, namely, to put the party and the parliamentary group, which have become somewhat outmoded administratively, back on their feet again, then, in addition, completely different personalities and temperaments must also get a chance to be heard.

SZ: But for the 1990 Bundestag elections it will be important that the SPD presents so-to-speak the candidate of the golden middle ground. Who might that be?

EHMKE: I am opposed to every "representative of the golden middle ground." Thus are people alienated or broken down. Afterwards, what is important is that the team and the man who runs for office must run the way he is, trimmed neither golden nor otherwise. And it must be an election campaign for the entire community. Not for 100 big and little groups.

SZ: Whoever will try it: success will not be possible without a coalition partner. Is there a normal climate for conversations free of any bitterness between SPD and FDP now?

EHMKE: I believe probably so. What is especially important is the fact that we are in agreement to a large extent in foreign policy. We have always remained in contact with the FDP, i.e., through my good relationship with Hans-Dietrich Genscher. Recently I said that in the meantime he is so close to the SPD line that he should be thinking about paying us GEMA [German equivalent to ASCAP] fees for his speeches. But I think it is a good thing that the contact has never been broken. That is more difficult in the economic and social policies, where the differences, after all, are quite big. Therefore, it will also be an important question who will lead the FDP in the future.

SZ: Is there a person in the SPD leadership who would say of himself and Lambsdorff, what Lafontaine and Spaeth said: With us the chemistry is right?

EHMKE: When Lothar Spaeth and Lafontaine say that, they mean that in many things they think along similar lines. That is certainly not the case with Lambsdorff. His opinion is fundamentally different from ours. He, himself, emphasized that bluntly once again in an interview with your newspaper. But unquestionably he is a competent man.

SZ: ...does he stick to agreements...?

EHMKE: I can't say anything to the contrary.

SZ: A man upon whom it is possible to depend as far as his commitments go?

EHMKE: According to my experience, yes. Our opinions differ as to what has to be done. But this fact must not prevent personal respect. It has only been diminished as a result of his behavior before the German judiciary.

SZ: But that does not prevent his continued political activity and his possibly becoming in the near future the chairman of a party with which the SPD will sometime have to form a coalition.

EHMKE: That is a question for the FDP to decide. In view of his conviction, and the less than flattering opinion of the court, I cannot quite believe that this man will become chairman of a party which continues to call itself liberal. But what disturbs me even more is the way he acted before the democratic judiciary. Perhaps according to the slogan: Persecuted German nobility before the special tribunal. In reality, only a man who had committed tax fraud was called to account under the rule of law.

SZ: The process of rejuvenation of the SPD leadership, in party and Bundestag parliamentary group, has progressed pretty well, i.e., the active older politicians, among whom you belong, can soon be counted on the fingers of one hand: Vogel, Ehmke, Rau, Dohnanyi, Bahr. What role are these older types able to play in the transition which is to bring the SPD again near political power.

EHMKE: Now, when the ranks are thinning, it is important that we bring up the younger ones even more quickly, as has been the case for a long time in the Laender—with good success and without competition with the CDU/CSU. In the Bundestag parliamentary group the tasks must be widely distributed: Not always talking oneself but also letting others talk and then seeing if one of them has talent. This also applies to the party. Since you mention Egon Bahr and me: Our life experience differs from that of those now 40 years old. So-to-speak we have ruled the world when we were as old as the younger ones are now, i.e., we imagined it, for a while. At any rate, we attained practical responsibility very early. That is important for the younger ones, too. Here, I do not shy away from the term "policy for the younger generation." By the way, this holds true not only for us. For example, it is a grotesque situation that one of the biggest industrial and trading nations of the world does not possess any reservoir of economics ministers. Bangemann isn't one and the CDU does not have one either.

SZ: The SPD does not have one either!

EHMKE: The SPD has very competent, knowledgeable people but the problem is that during its time as opposition nobody from the economy has changed over into politics. But the whole thing is also connected with the fact that in Germany the change from the university to economics and from economics to politics and back, unfortunately, is not customary.

SZ: You have spoken up in the historians' dispute with a contribution which considers the entire direction of this form of search for German identity in the past as wrong. What is the reason for the fact that the SPD for such a long time, basically dumbfoundedly, accepted the change in a process which at one time had the slogan "dare more democracy"?

EHMKE: German democracy and the self-image of the Germans would benefit from a little more common sense and a little less highbrow meditative pondering. The "identity" debate is a substitute for policy in a bad German tradition. Some conservative historians have apparently learned little from the mistakes made by their historian grandfathers in the German Empire.

SZ: In your opinion, what is behind all that?

EHMKE: It is conservative propaganda against the modern spirit and against the idea that a people must find themselves again and again in the democratic process. Who has actually said what German "identity" really means. In that respect, they are completely hazy. It is done up as a pompous term which, measured by the things with which politicians and citizens struggle in normal political life, seems to be really unimportant. I think exactly the opposite is true: What we are doing in practical politics with relation to the EC, in a long-term policy towards Eastern Europe and the GDR—in now relatively broad common ground not only with the FDP, but also with the majority in the CDU/CSU—that is much more important than any historical exorcism or necromancy not only for politics but also for the way the Germans see themselves and for their self-confidence.

SZ: Actually that is also a question about the courage of the SPD to articulate its ideas. Does the change of power in Schleswig-Holstein carry the seed of a new departure—it attracted attention that the party leadership—full of pride once again—speaks of the "great leftist people's party SPD" a term which for many years was not regarded as particularly opportune?

EHMKE: That is indeed a long story. Bjoern Engholm on the night of the election victory listed all his forebears up to Jochen Steffen. In this instance, for example, it must not be forgotten that Jochen Steffen not only was one of the first to rail against nuclear energy, but also had been one of the first to advocate its development a few years earlier. Thus, learning processes have taken place there, too, but earlier than elsewhere. Schleswig-Holstein, among other things, signals that the danger of the distortion of the party, which in the final years of Helmut Schmidt's term of office had clearly happened, has now been overcome. By the way, Hans-Jochen Vogel has a big part in that. Only someone coming from the right could do that, but who—especially in Berlin—himself felt the worries and fears which have found expression in the new social movements and knew how to impart that to the party and within the party.

SZ: What is the core of the disagreement between labor unions and the SPD today?

EHMKE: In one of our joint discussions it was stated that Lafontaine said the wrong things at the wrong time, but, nevertheless, hit on the right thing. I found this to be quite correct, for in Oskar's proposals there is indeed a real core which, however, does not explain the violent

reaction and the big public response. Apparently the symbolic importance of the quarrel was bigger than the factual one. I explain that to myself as follows: SPD and labor unions originate from the same historical root. Both have certain ideas in common but of course things have repeatedly gone wrong between the two of them. That applies all the more to the relationship of industrial labor unions and leftist people's party, as they developed after the war.

The labor union as an organization has to represent in the first place the interests of those in employed positions. The SPD has to prepare and advocate a draft for an overall policy. But the term "leftist people's party" is also an expression of the fact that today majorities can no longer be achieved with workers' votes alone. The number of workers in the traditional sense is declining, the individuality of the lifestyles is growing, the older worker milieu is disappearing and with it the regular voters. Therefore, just as little as the SPD can determine labor union policy, can the labor unions determine SPD policy. Both must tackle for themselves the big problems of the changes in the business and labor world which are similar but still different—but in as close a contact with one another as possible.

SZ: Does the SPD have to make the sacrifice of readiness for integration to the labor unions even though it knows that the new voters will be won elsewhere?

EHMKE: The labor unions also know that we must win over additional strata of voters. The labor unions are able to fight against the neoconservative policy at the expense of the workers, the massive reduction of the wage share in favor of the capital share and stem them, but they cannot change them. That can only be attained by a political majority of the SPD which cannot be achieved without the votes of the workers. Thus, in addition to the common basic direction, occasionally there will be a distance based on a division of labor. Conflicts arising in this connection must be settled in solidarity. This solidarity should rule out that SPD people act as if the labor unions did not understand their own problems. They know these problems better than anyone else. It should likewise rule out—however important the Social Democrats organized in labor unions may be for the formation of opinions in the party—that after forefather Brandt is gone, now the labor union side tries to tell the SPD the direction it is to take. The political self-confidence of the SPD leadership would not permit that. We will not permit a man like Oskar Lafontaine, with whom it is possible to argue but who is without any great political talent, to preach at us. The required attitudes of both sides must be clear. And moreover we need—there is agreement on this point—a much more intensive exchange of opinions.

SZ: Is the SPD now on the correct course in terms of its program—as regards energy policy, environmental policy, employment policy, economic policy, and financial policy?

EHMKE: It is known that I am an admirer of Willy Brandt. And I found it to be important that in his farewell address to the party congress in Bonn a year ago he made the topic of freedom his principal topic. The title of Willy Brandt's book about his youth is "Links and frei" (Leftist and Free). It is no accident that he uses both terms. Freedom, democracy, a society in which things can be changed—with all unreasonable demands that exist here, too—is something that cannot be taken for granted as a matter of course. But it is a prerequisite for everything else. This, as the quintessence of long leftist experience, should be our first guiding principle.

For the rest, one must probably differentiate. Today we are opinion leaders in foreign, security, and Germany policies. In European policy we are catching up. In practical environmental policy we have performed hard work, something that is not supposed to detract from the merits of the green "Realos." In energy policy we are on the right path. Equality for women is finally making progress, especially in the party. In social policy a process of rethinking is underway: less involvement of the state, more flexibility, getting closer to citizens and their problems. But in this connection the answers—including the modernization of the big "machinery"—are much more difficult than the slogan "help for self-help" may make it appear to be. "From welfare state to social democracy," to quote a phrase by Bruno Kreisky: Yes. Selling out social security: under no circumstances. We have already talked about economic policy. The turnaround policy has been unable to keep its promises. Now it is bankrupt. Stoltenberg proves every day that our financial policy was and is more sound than that of the conservatives.

To be a Social Democrat means not to adhere blindly to old or traditional solutions. Rather, it means to seek completely new solutions in the great tradition of freedom, justice, and solidarity when changed conditions require it.

12356

CSU Youth Leader Mueller Speaks at Land Conference

Expanded Role for JU Proposed
36200154 Munich *SUEDDEUTSCHE ZEITUNG* in German 28/29 May 88 p 27

[Article by Hans Holzhaider]

[Text] Oberstdorf (Our own report)—The Young Union (JU), the CSU's youth organization, wants to work with Bavarian youth organizations at all levels more than it has in the past. "We've got to get out into the world," explained JU Land Chairman Gerd Mueller on Friday before the opening of his organization's Land conference in Oberstdorf. Inside the party itself, the Young Union is

pushing for a larger role, particularly in municipal politics. The Young Union wants friendship between generations but there has to be perestroika and glasnost within the CSU too, Mueller says. If Soviet Party Chief Gorbachev limits party bureaucrats' term to 10 years, then it must at least be possible to have a limit of 20 years in the CSU. "Franz Josef Strauss excepted, of course," Mueller adds. The Young Union's younger politicians do not want to "start out at the top" but do want to be given a chance in municipal politics. "For months," he has been pushing within the party's Governing Board for agreement to set up separate JU lists in the 1990 municipal elections, Mueller says. The CSU Governing Board is supposed to discuss this request again on 6 June. In 1984 the JU put up its own lists in 6 Landkreises and over 100 cities and towns.

For the first time the Young Union has invited representatives from nonparty youth organizations to its Land conference. According to Mueller, 27 youth organizations accepted the invitation, including almost all those represented in the Bavarian Youth Circle. The delegates especially want to discuss problems specific to young people with these representatives. Mueller particularly cites what he calls the "raging growth in the drug sector" and bad driving. A stop has to be put to the "murder on Germany's highways," the JU chairman demands. To do so, it will be necessary among other things to drastically raise the schedule of fines, particularly for speeding.

The Young Union does not intend to give up on its demand for a Bavarian Land education fund. This demand met with "very massive criticism" in the party's Governing Board but with broad agreement in the Party Committee in Bayreuth in March, Mueller reports.

On Saturday, the delegates to the JU Land conference will be addressed by Theo Waigel, chairman of the CSU Land group in Bonn, and by CDU General Secretary Heiner Geissler. Geissler was the "number 1 choice" for a speaker, Mueller said. He is a pugnacious man, but has many friends in the party youth in particular.

JU Calls for Moral Renewal
36200154 Munich *SUEDDEUTSCHE ZEITUNG* in German 30 May 88 p 19

[Article by Hans Holzhaider]

[Text] Oberstdorf (Our own report)—The Bavarian Young Union wants to open itself up more than in the past to criticism from outside and to dialogue with nonparty youth organizations. The CSU's youth organization took a first step in this direction at its Land conference in Oberstdorf. For the first time in its history the Young Union invited all Bavarian youth organizations to its conference. Representatives of 27 accepted the invitation; Robert Sauter, president of the Bavarian Youth Circle, actually sat on the podium among the

members of the JU Governing Board. Individual representatives also took full advantage of their right to speak. On Sunday, 14 youth organizations took the opportunity to tell the 350 delegates of the Bavarian JU about their work.

In his first official report, Young Union Land Chairman Gerd Mueller called not only for more openness on the part of political parties to the outside but also for moral renewal. Critics and dissidents should not be expelled, major questions about the party's future should be discussed at party conferences rather than being decided in the cabinet and then announced to the party. Young people, Mueller said, are contemptuous of those "who confuse politics with a self-service store and have less interest in serving the state than in serving themselves." Politicians should concentrate more on their real work: "We say 'yes' to 2 board of directors posts but 'no' to 20, 'yes' to outside earnings of DM100,000 but 'no' to DM1 million." Young people counter the prevalent materialism with the mobilization of moral resources. There must not always be demands for more self-development, personal freedom, and maximum equality for all, but rather for self-determination, responsibility, and self-restraint. Although the Union has the spiritual foundations to lead young people into the year 2000, it should think more about the "C" in the party name. To meet its responsibility also to the countries of the Third World, the Young Union wants to work with church aid organizations and political foundations on concrete development aid projects in Africa, Latin American, and Asia.

Little Response to Strauss' Letter

Mueller expressed his dissatisfaction at the response thus far to the "Youth Joins the Party" campaign. Of some 50,000 members of the Young Union, there are still only 12,000 who are also members of the CSU, he complained. Even a joint letter from Mueller and Party Chairman Franz Josef Strauss to local CSU associations did nothing to stimulate people to join the party. The membership of the Young Union has been dropping continuously since 1984. The largest Bezirk organization is Oberbayern with 12,353 members.

12593

Federal Office Distributes Anti-Greens Propaganda

36200157 Hamburg DER SPIEGEL in German
30 May 88 p 31

[Text] Franklin Schultheiss has suffered all sorts of things in his political life. In the GDR he was imprisoned for "Social Democratic machinations," in the Bonn SPD [headquarters] barracks he was in charge of educational work for years.

Over 20 years ago, the [SPD] comrades assigned the social scientist to the Federal Center for Political Education because of his Social Democratic machinations.

There he became managing director—and managed to defend this position, even after the [Bonn] turnaround and with the help of the courts, against the covetous grasp of CSU Interior Minister Friedrich Zimmermann.

So much experience in life makes one wise: "Everyone has to swallow a toad at some time."

That beast had just been served up to him by his colleague, Wolfgang Maurus, who was sent by the CSU to the educational public relations center. And if Schultheiss' comrades and the Greens, but also the aroused Liberals have anything to say, both of them will have to chew on it for some time to come.

At the urging of the CSU—and without resistance by Schultheiss or FDP director Horst Dohlhaus—the federal center bought 500 copies of the CSU polemic pamphlet, "Die Gruenen auf dem Pruefstand" [The Greens on the Test Bench] (Bastei-Luebbe Publishing Company, 496 pp; DM9.90), in order to distribute them to political "multipliers." Schultheiss describes the procedure: "According to approximately fixed quotas," every [political] orientation is allowed to disseminate works acceptable to themselves.

Thus the SPD once distributed a short history of the party, and the CDU now wanted to settle its account with the Greens: a hodgepodge of nasty attacks from the pen of CDU politicians and party-internal scientists, most of it well known from the everyday mudslinging battle against the Green "Outlaws", printed again and again in party brochures and press statements.

The only thing new, really, is the preface by Hans-Peter Schwarz. The Cologne professor, once a generally esteemed contemporary historian who, as Adenauer's biographer, became close to the CSU/CSU, in a preface added his own polemic "conclusions" to the party attacks.

This man of science accuses the Social Democrats, for instance, of not having mustered "the strength for the battle of political destruction" against the Greens. And yet it is so worthwhile to "weaken and marginalize the Greens to the best of one's powers."

His prescription: "The main goal should consist of placing this radical party outside of political borders and to split off a part of its voters, perhaps driving them into resignation." And since Schwarz knows that nothing arouses the Greens more than the comparison with National Socialists, he drives it home, hard: Much about the Greens recalls "the agitation of the NSDAP during the 'time of battle'". "There, as here, often the same mixture of fanaticism, idealism and brutality; there, as here, the determination not to openly confront the acts of violence by ideological friends, but to excuse them rather than draw the line."

Book buyer Maurus, formerly working for CSU chairman Franz Josef Strauss and manager of the Hanns-Seidel Foundation which is close to the CSU, cannot find anything wrong with that—"if you ever read everything that German professors tend to write." The response by the Greens, that Zimmermann evidently was trying to restructure the federal center into a "propaganda instrument of the right," leaves him cold: "Mr. Zimmermann never calls me, and never has anyone call me." Maurus ("I am no politician") treacherously blames the book dispute on an "artificial excitement of a party-political nature" and, in its wake, on "parasitical publicists."

Rather, what really seems artificial, party-political and also parasitical are the doings and goings-on of the co-directors at the federal center, which has often demonstrated its essential superfluity. The educational institution with the Bonn address "Berliner Freiheit 7" publishes the expensive weekly paper DAS PARLAMENT—and yet, with an annual budget of DM38 million, it is more of a pension office for deserving party friends.

They could have problems now, if one believes Hildegard Hamm-Bruecher. The pugnacious Liberal has Maurus and his colleagues in her sights, ever since the center bought the right-wing pamphlet "Zersetzen, zersetzen, zersetzen" [Undermine, undermine, undermine] by Lothar Ulsamer, and again 500 copies. It describes Heinrich Boell and Hans Magnus Enzensberger as "paving the way for anarchism and violence"—for the FDP woman "pure rightist radicalism and the preliminary stage to book burning." And anyway, there is widespread and "very militant rightist conservatism" among the book buyers. Says the former state secretary for education: If this continues, one "must cancel the affair."

That could prematurely scramble Social Democrat Schultheiss' life plans. After failed attempts by Zimmermann to eliminate the SPD man shortly before attaining retirement age, he has just come to an agreement with the Social Christians. Until the end of the legislative period in 1990—according to acknowledgement from Zimmermann's bailiwick—nothing was to be changed in the federal center.

Until then, and particularly during election campaigns, much supposedly political literature will still be available for purchase.

9917

FRANCE

Prime Minister's Team Announced
35190068 Paris *LIBERATION* in French
20 May 88 p 8

[Article by Gilles Bresson]

[Text] Faithful supporters, surrounded by technicians. The new advisers to the prime minister announced their good resolutions yesterday through Jean-Paul Huchon, director of the Rocard cabinet. Curriculum vitae follows.

Jean-Paul Huchon, Michel Rocard's cabinet director, presented the Matignon team to the press yesterday: 34 members, averaging 46 years of age. According to Huchon, this brain trust wants to be "as cool as possible and as clean as possible." That is of minimal concern to a prime minister accused yesterday by the CERES [Center for (Socialist) Studies, Research and Education] of being "the American Left" of the PS [Socialist Party]. Before posing for a quick group portrait, immortalizing them, in the Matignon gardens, Jean-Paul Huchon tried to define "the spirit and philosophy" which will animate these advisers. This is "political openness and respect for others, tolerance, a permanent concern for seeking compromise," the whole being based on "technical competence," the cabinet director stated, adding, "not the spirit of Valence." The Matignon men must "listen, [and, in doing so,] include the opposition's capacity for change. They are not carbon-copy ministers." To these good resolutions Jean-Paul Huchon, strengthened by the 1981 experience, added another: The advisers "will rely on administration leaders, something which did not work out well in 1981."

Michel Rocard's team is made up, principally, of a core of faithful. First among them, naturally, is Jean-Paul Huchon, the veritable alter ego of the prime minister, but a little more straightforward. This former student of the National School of Administration is a member of the same class as Jean-Louis Bianco. First assistant to the mayor of Conflans-Sainte-Honorine since 1977, he succeeded Michel Rocard as cabinet director under the [government spending] Plan and then in the Agriculture Ministry between 1981 and 1985. Named director of the National Fund of the Credit Agricole, he found himself unemployed after March 1986. This banishment profoundly shocked Francois Mitterrand. Today, after serving as head of the EXOR [not further identified] group, he is once again cabinet director for Michel Rocard, at the orders of what he himself calls "that genial bulldozer" of Matignon, a blend of fellow-travelers on the road to Rocardism and technicians.

In direct touch with Rocard, he is the same with Yves Lyon-Caen, with whom "he has been working for 20 years." This classmate, who was an adviser in Pierre Mauroy's cabinet between 1982 and 1985, was once again at the head of the National Fund of the Credit Agricole, along with Jean-Paul Huchon, before becoming president of the Union Bank for Construction and of the board of directors of Midland Bank.

Guy Carcassonne, after serving in Michel Rocard's cabinets between 1983 and 1986, was spokesman for the deputy from Yvelines during his time in the Elysee. This law professor and specialist in institutions of the Fifth Republic will now be adviser for parliamentary relations at the Matignon. Jean-Claude Petitdemange, cabinet chief, will continue to oversee at the Matignon everything concerning the PS and the Rocard policy.

Yves Colmou, assistant cabinet chief, was formerly parliamentary aide to Alain Richard (1980-1982) before Richard, who had been cabinet chief under Michel Rocard, took over the Plan and then the Agriculture Ministry. In 1985 he became head of the administrative and financial division of the National Interprofessional Office of Wines.

Jean-Francois Merle, technical adviser, will be a writer for the prime minister. This English professor was parliamentary aide to Michel Rocard from 1978 to 1982, following him to the Plan as cabinet chief and then to Agriculture as a technical adviser.

To complete the roll-call of the Rocard old guard, Andre Salomon, Pierre Zemor and Pierre Brane, national secretary of the PS for human rights and freedoms, have been named advisers.

After the faithful, the technicians. As in the government table of organization, where the education minister plays the number two role, Michel Rocard wanted Antoine Prost, a history professor and author of a report on secondary school reform, directly under his orders, with the title of head of mission, to emphasize the priority accorded to problems of education.

Charles Gosselin, former prefect of l'Ille-et-Vilaine and of the Brittany region between 1982 and 1986, who holds the title of adviser, will have charge of domestic matters and of the DOM-TOM [Overseas Dominions and Territories].

On the list of technical advisers, Louis Joinet (Justice) will have charge of governmental continuity. He held the same position continuously under the Mauroy and Fabius administrations between 1981 and 1986. Today this magistrate, general counsel in the Paris Appeals Court, will have the same office and the same job.

Jacqueline Chabridon is in charge of the press; Marie-Therese Join-Lambert of Social Affairs; Ariane Obolensky, Economy; Andre Larquie, Culture, Communication; Gerard Massin, Equipment and Housing; Dominique Perreau, International Economic Relations; Philippe Petit, Foreign Affairs; and Alain Prestat, Industry. Among heads of mission, Sylvie Hubac heads Communication and Audiovisual; Jerome Adam, Foreign Trade; Alain Bergougnieux, Education; Francois Gouesse, Agriculture; Gerard Grunberg, Trade; Olivier Mallet, Finance; Jacques Mistral, Macro-economy; Loic de Raison, business firms in difficulty, and Michel Taly, tax matters. Bernard Norlain, brigadier general, remains military chief in the cabinet. He was appointed by Jacques Chirac.

Centrist Policies, Alignments Discussed

35190074 Paris LE MONDE in French

2 Jun 88 pp 1, 14

[Article by Rene Remond]

[Text] An opening up? "Yes, but without accommodation and on condition," said Barre in Lyons on Tuesday evening. "Opening up does not mean making us accept anything." "If we are the winners in the legislative elections, we will do the opening up," said Mehaignerie, chairman of the CDS [Social Democratic Center] on Wednesday morning. "If we are beaten, we will take the government at its word, we will make proposals, and we will see what it does."

The fate of the center and the centrists is a singular one! Reviled equally by the Right and the Left, which despised them as intermittent allies, scornfully pointed to by analysts, who criticized them for not playing the game and blamed them for ministerial instability, the powerlessness of governments, and encroachments on the separation of powers, victims of the desire to simplify the political system, squeezed between the antagonistic blocs, and gradually eliminated from the political arena by repeated use of the system of election by majority vote, they had been absent from the political scene for nearly 15 years. Bipolarization had made a clean sweep and exorcised even the memory of them. The field was dominated exclusively by the Right and the Left as an antagonistic and complementary pair.

But now, over the past few days, the centrists have surfaced again: both sides are showering them with all sorts of solicitations and attentions to which they are scarcely accustomed—the realignment of political forces is said to depend partly on the decision they make. This is an amazing turn of fortune that might lead to the conclusion that they have not totally disappeared. What are these centrists? Where do they come from? Do they have a history?

But in order to have a history, they must first have an existence. Does the center really exist? There are many who doubt it or claim not to believe in the center's existence. As far as the Left is concerned, the center is nothing but an undeclared rightwing group that works for the Right, and as far as the Right is concerned, it is an objective ally—even though unwittingly—of the Left, into whose hands it plays. In the least unfavorable hypothesis, there is willingness to admit that the center is a way station—a stopping point in the migration of leftist groups that are being swept along by the movement carrying the entire system toward the right. There is no question of admitting that the center is an independent force with its own body of doctrine.

And yet, a look at the history of the major political trends over the past 40 years or so provides assurance that the center indeed exists. This is even more true if one goes farther back into the past—beyond the interruption caused by World War II.

If political history is more the history of the exercise of power and the decisions affecting national destiny than of partisan confrontations and the clash of ideologies, it is manifest that France has been governed by centrist groups more often than by the bloc of united leftwing groups or the coalition of allied rightwing groups. Whether this has been good or bad for the country is something that everyone must decide for himself. What it means is that real alternation is probably less a matter of leftwing blocs and rightwing alliances succeeding each other in the favors of the voters than it is a matter of successive majorities bringing centrist groups into dualistic situations pitting all the rightwing groups as a bloc against all the leftwing groups as a bloc.

Should we say center or centrist groups? Here we have been using first the singular and then the plural, and the difference in number is not unimportant. This is not just a question of grammar: what is at stake is the definition of the center and the reality of the phenomenon. If the expression "centrists" is currently used more frequently than "the center," the reason is not just their number but also the fact that a plurality of groups intend to situate themselves in the center and are vying for possession of the name. The center is an abstract position—a concept—while the centrists are a concrete reality.

The center extends into the territories of the Right and the Left because its contours are poorly defined. Its extension varies depending on its alliances and rapprochements. At times it expands to the point of taking in a good share of the Right—the liberal trend of opinion, for example—while at other times it shrinks to the point of apparently disappearing for good. Because of that, there are at the center several shadings which also range from the left to the right.

And yet there are groups in the center which do not exist there solely because of their occasional positions or because they are waiting to find their definite place in the Right-Left system but because of their philosophy and orientation. Negative choices, the rejection of extremes, the challenging of the Right-Left pattern, and the rejection of any policy in which the end justifies the worst means might give the impression that the center is nothing but a home for the indecisive. But centrists do not exclude positive assertions and determined choices which are the focus and foundation of those rejections. Over the past quarter of a century, public opinion surveys have taught us to distinguish the center from the slough made up of the undecided and the indifferent.

The term "centrist" is now applied basically to the collection of groups making up the UDF. The UDF is a federation of three or four groups linked to just as many

traditions, not all of which began at the center. The Radical Party faction which chose to join the rightwing majority did not have its beginnings there: it is a branch of the big party from the Third Republic which in its early days was the extreme left wing of democracy. The thing that gradually brought it to the center and dropped it there was the irresistible movement which is leading most political families toward the right. The same is true of the few individuals who separated from socialism to form a small social democratic group.

Both were dissociated from the Left by their rejection of the alliance with the Communists. For its part, the Republican Party represents the latest metamorphosis of a great liberal current which long straddled the line separating the Right from the Left. Circumstances—the interplay of alliances (or of opposition groups)—may from time to time have moved it back to the center, but that was due more to circumstances than to the logic of its orientation. Today the Social Democratic Center is probably the most indisputable instance of a true center party. If the center is characterized by its symmetrical rejection of both extremes and its conviction that the Right-Left dichotomy is not only unfaithful to the reality of opinions and the complexity of choices but also harmful to the functioning of democracy, then the CDS was definitely born in the center.

Democratic and Christian

It is connected with that Christian-inspired democratic trend of opinion which immediately finds its place in the center. Moreover, when people talk about the center today, it is chiefly the CDS which they have in mind. The history of that group, which has by turns been a part of majorities centered on the left and of coalitions on the right, is exemplary, since it illustrates the problems forced upon the center by parliamentary arithmetic, the system of forces in confrontation, and the constraints of the exercise of responsibility.

Who were the centrists in 1945—which is one of the dates when the political landscape, as it is called today, was reconstituted? They were the Popular Republican Movement [MRP], which emerged as a new force and established itself almost immediately as a major component of the political system. It was the descendant of the family of Catholics who intended to put an end to the old alliance which chained the church to political and social conservatism and who aspired to overcome the cleavage between Right and Left. Denounced by the Right as the opponent's accomplices, they were suspect in the eyes of the Left because of their religious connection. Although it recruited a great many of its voters (but not its members) among supporters of the Right—who had lost their usual elected representatives—the MRP was not a rightwing party; it was formed out of the split with each of the rightwing groups.

It obviously had nothing in common with the extreme right. The heir to social Catholicism, it also defined itself as being opposed to the liberalism providing the inspiration for the Orleanistic Right. Lastly, everything separated those men from the authoritarian and popular Right; they were sincerely attached to parliamentary democracy, they believed deeply in the usefulness of parties, and they argued for recognition of the intermediate bodies. They had formerly combated the agitation in favor of political leagues.

The fact that, rightly or wrongly, they identified certain Gaullist policies with that section of the Right was at the root of the misunderstanding that vitiated their relations with Gaullism. It was at the source of the three ruptures that shattered the "party of loyalty's" relations with General De Gaulle: in 1946, the MRP refused to follow him when he left the government; in 1947, it prohibited its members from belonging simultaneously to the RPF [Rally of the French People]; and 15 years later, in 1962, it broke away again after the press conference at which the president of the republic mocked the ardent supporters of Europe. The persistent lack of understanding between those two major forces was of great importance to our history: it hindered the coming into being of a great national rally of social concern for the renewal of political life and of institutions. The political landscape would otherwise have been transformed. But if that transformation was not to be, the reason was that the trend of opinion of which the MRP was the expression was situated in the center.

The MRP did not remain alone for long. The logic of confrontations and rapprochements brought others into the center. The government's ousting of its Communist ministers in May 1947, followed that autumn by the PCF's adoption of radical opposition on orders from Moscow and, along with that, the rise of the Rally of the French People, which was denouncing the powerlessness of the institutions, forced the parties already in power and those that joined them as part of the new majority to govern together: the "third force," which arose out of the need to face the assaults by two opposition groups in conflict with each other, was the perfect example of a centrist government based on a rejection of the policy of drastic measures and extremes.

Socialists, independents, Popular Republicans, and Radicals—all the centrists—faced up to the difficulties during 4 long years, from 1947 to 1951. Extremist opposition was not the only factor cementing the union of those parties, which were doomed, as one of their leaders said, to live together. They were also united by a number of common views: attachment to the institutions, the defense of public freedoms, the heritage of the Resistance, a number of social concerns, and, soon, the beginnings of a policy for the building of Europe.

Thus the expedient devised in 1951 in connection with elections to the National Assembly as a means of preventing the two opposition groups from adding up to a

majority that would have paralyzed the functioning of government was not simply a trick aimed at confiscating national representation for the benefit of incumbents. Although poorly received by the public, it took into account the existence of a political center capable of government and found its justification in shared responsibilities and convergent concerns.

Conflicting Roles

The centrist union did not survive that first National Assembly. It succumbed to the revival of the school quarrel—that aftermath of the religious issue which since the Revolution had been the chief factor dividing the French and the touchstone of adherence to the Right or the Left. The reawakening of that quarrel dismantled the "third force" and caused the split between Popular Republicans and Socialists, since the threat from the extremes was no longer strong enough to counter the effects of the dissension over schools.

The emergence of Mendes France, combined with the divisions in the public mind over decolonization, completed the job of breaking up the centrist union by causing an unusual realignment of political forces—one that did not embrace the Right-Left division any more than it prolonged the centrist union. In that redistribution, the Radicals split up, and the MRP found itself thrust to the right: leaving its position on the right flank of a leftist coalition during the time of the three-party government, it had become the social guarantor of a conservative majority. There again, it was very representative of the fate that befalls centrist parties, which are destined to figure alternately in opposite configurations and to play opposing roles in those groupings, as happened to the Radical Party between the two wars.

Also like the Radical Party, the MRP became unpopular as a result. That way of practicing alternation is easily construed as opportunism, and the voter has the feeling that his choices are being betrayed. The centrist parties, and the MRP to a remarkable extent, suffered after 1958 because of their identification with the fallen regime. Who knows whether the unconscious memory of that time and of the ravages caused in public opinion by that game of seesaw is not contributing in its way to today's reluctance by the centrists to accept the prospect of a reversal of alliances? In any case, those experiences prepared public opinion to respond favorably to the bipolarization process that put an end to those swings back and forth.

After the jolt of the Mendes France period, the Gaullist earthquake's effects on the centrist parties were even more drastic. Those parties were first led, absorbed, and merged into a new grouping in which they found themselves together with the great majority of the rightist parties and a good number of the leftist parties. The effects of that earthquake were long lasting: in the second round of the presidential election of 1965, some 3 million people who ordinarily voted for the Left still

preferred Charles De Gaulle to the Left's single candidate, while the extreme Right voted for Francois Mitterrand because of its opposition to Gaullism.

But that same election which split up the usual cleavages was also the starting point for an attempt at reconstituting the center: Jean Lecanuet, chairman of the MRP, was a candidate in that first election of the president of the republic by universal suffrage. His was a typically centrist candidacy in its rejection of a binary choice between the opposing solutions, and it represented what amounted to a third solution situated between Gaullism and the Union of the Left. He won nearly 16 percent of the vote.

It led to a regrouping: it is in the wake of a presidential election that a realignment of political forces can take place, and Jean Lecanuet broadened the base consisting of the old MRP by adding to the new Democratic Center a faction of independents—those who, unlike the independent Republicans, had chosen not to enter the alliance with the Gaullists. The undertaking could not make much progress, specifically because part of the liberal Right which did not intend to separate from the dominant party won the day. The center tilted to the right.

That was the result of the failure of another, broader attempt that would have rebuilt the "third force": in connection with his candidacy in the approaching presidential election, Gaston Defferre had come up with the idea of a large federation that would have brought together the SFIO [French Section of the Workers International (French Socialist Party)], the Radical Party, and the MRP. The operation had reached a quite advanced stage when it ran into two obstacles: the reference to socialism and secularism. Twenty years later, when there were rather vague aspirations for a labor coalition into which the Socialists and social Catholics would have merged, rapprochement between those two groups again foundered on the aftereffects of the religious quarrel.

After that, there was nothing to stop the process of obliterating the centrist groups. Every presidential election marked a further step in their integration with the opposing blocs. On the right, that integration was a two-stage process. The first wave of centrists joined the presidential majority that voted for Georges Pompidou along with Joseph Fontanet, Jacques Duhamel, and Rene Pleven.

The second wave rallied to Valery Giscard d'Estaing's candidacy in 1974. There were no more independent centrist groups: they had either been absorbed or were divided. The Radicals split up: those unwilling to enter a coalition with the Communists joined the rightwing coalition, while those unwilling to merge into a conservative grouping established the Left Radicals Movement. The centrist groups thereby disappeared as a separate force. That was the final outcome of the process which had realigned the entire system around two antagonistic poles. It marked the triumph of the bipolarization

which has been as harmful to the centrist groups as it has to the two extremes. The portcullis had fallen between the two halves of France, and it remained in place through at least four legislatures.

Although unable to be the focus of a government majority, the centrist groups can tell themselves that France is being governed from the center and that they have contributed to that situation. That was the central idea of the president elected in 1974: it was based on an analysis of society which seems to discern the main feature of society's evolution in the formation of a group in the center consisting of the middle classes and managers—those defined in the new Left's sociological jargon as the wage-earning middle strata—and which calls for a centrist policy. And that was the intention which prevailed in the establishment of the UDF: to anchor the new group firmly in the center, reject the RPR, and open up to the Left.

The Right's Facade

Occupying the center was one of the stakes in the competition—sometimes concealed and sometimes in the open—between the two components of the majority and the opposition—between Jacques Chirac and the prime minister (Raymond Barre was already passing himself off as a centrist). Expanding in a leftward direction was an arithmetic necessity: there could be no majority of the center (or centers) unless enough men and groups from the Left were drawn in. In 7 years' time, and even after winning the 1978 elections contrary to all expectations, Valery Giscard d'Estaing was unable to complete that part of the operation. The best he could do was to win over a few individuals, but their entry into the presidential majority did not alter the balance of forces in any way, nor did it bring about the slightest change in their makeup. It is true that the increasing potential of the Left was not creating favorable conditions for such a plan, and because he did not alter the system of election by majority vote, the president did not to create those conditions.

The thing to be learned from that episode is that once a president is elected, it is very difficult to modify the shape of the majority. Giscard d'Estaing's seven-year term did not escape the bipolar pattern that was keeping the centrists imprisoned in a right-oriented majority. Following a salvo of undeniably liberalizing steps that introduced noticeable changes, it ended by following a conservative policy on which the centrists, whether Radicals or Christian Democrats, had little influence. It remained only for them to act as guarantors of a conservative policy. There lies the entire difference between a government of the center and a government in the center. To tell the truth, the centrists do not seem to have suffered as regards their convictions or their sensitiveness at having been forced gradually to align themselves with the positions of the conservative liberal Right: although descended from a spiritual family built on

denunciation of the injustices of liberalism, the Social Democratic Center apparently had no qualms about supporting a policy putting liberal maxims into practice.

The CDS seemed to have lost even the memory of its past and to be merging willingly into a group whose point of reference was liberalism. In 1981, the political situation proved that the Left was right in arguing that the center was merely a facade for the Right, whose policy it carried out.

Neither the defeat of the majority in 1981 nor that—in the opposite direction—in 1986 changed the situation of the centrists. The need to define themselves by taking the opposite tack in relation to a triumphant and Manichean Left that was making nationalizations the center of its policy eventually brought the centrists around to the positions of the liberal Right just as the Gaullist group was itself following a course that led it to abandon most of the themes inherited from its Gaullist past and adopt the liberal gospel.

Beginning in 1974, therefore, everything tended to force people to the conclusion that strictly speaking, the center no longer existed. What people continued to call the center out of habit or for ease of expression was in fact the least conservative faction of the rightwing coalition. Raymond Barre's defeat in the presidential election could in fact be interpreted as the defeat of a centrism sandwiched between Left and Right and as a sign that there was no longer room for a third way.

So why all this sudden noise about the centrists as though they had independent decisionmaking power and could again choose their allies?

Besides the natural desire to escape confinement in the rightwing bloc and perhaps to free itself of the RPR's hegemony, two factors were at work. For several years the Social Democratic Center had been regaining a sense of its identity and pride in its origins. Not enough attention has been paid to the fact that at its most recent congress, held in Metz, the MRP was referred to, for the first time in many years, in terms suggesting that the past had been released from the purgatory to which it had been consigned since the fall of the Fourth Republic.

The other factor was the rise of the National Front. That stirred the democratic fiber of a trend of opinion which has never taken kindly to authoritarian temptations, which has defined itself by its rejection of exclusive nationalism, and which remains, by its makeup and its affinities, one of the groups closest to the church and most attentive to the latter's teachings and warnings.

Does this brief outline of some 40 years of history have anything to teach us? It shows that one or more centers definitely exist. A growing number of people are placing themselves in the center, either because they refuse to choose between the Right and the Left or because they

feel that the gap between ideologies is narrowing and that reality is forcing the opposing majorities to adopt increasingly similar policies.

But while men from the periphery are converging on the center, the center may also be a dispersal area from which people will scatter in various directions. The MRP, for example, was the starting point for a diaspora whose members scattered almost throughout the political spectrum. In particular, the MRP was a sort of way station in the historic movement of some Catholics toward the left—one more indication that the center is not the Right.

As far as reversals of alliances are concerned, they are always difficult to negotiate and carry out. On two or three occasions over the past 40 years, centrists have entertained hopes for an organic realignment or an alliance with the Socialists. But each time, the plan was either thwarted by the partner's resistance or tripped up by an ideological obstacle. Prevailing each time was the head-on antagonism which locks centrist groups into a coalition whose centerline is located to their right, as though that side carried more weight than the other. Is this inevitable? Will it happen again this time? The stakes are high as far as the centrists are concerned. Failure with this opening-up would signify, probably conclusively, that the centrists today are no more than a fourth component of the range of opinion included in what is called the Right.

11798

GREECE

Scenarios, Prospects for New Election Discussed
35210105b Athens *ELEVTHEROTYPIA* in Greek
9 May 88 p 6

[Text] Within the parliament building rumors and various scenarios on future developments are born and reborn. They are related, of course, to the election date and the electoral system.

These rumors and scenarios have a disquieting effect on the anxiety of the deputies for their party and personal fate, which grows as time goes on.

Government and opposition deputies, especially from the two major parties, in their talks between them and with journalists, seek to find reasons for a possible speeding up of the election date, an element which will affect the voters, and of course the electoral system.

If one tries to sum up what is being said, he will arrive at certain useful conclusions:

First. A common view is being formed that the economic situation will determine the outcome of the election.

Second. A common view is being formed that the "question of Sartzetakis" does not directly affect developments since it is generally believed that the president is determined to complete his term of office.

This view is strengthened by the fact that the president's powers pose no difficulty for the "life of the government"—even if we assume their relations are difficult—and for this reason many believe the president's idiosyncracies are being used according to the government's need to cover up publicity of other issues which seriously concern the public.

Those who discuss politics in the parliament corridors agree that the Sartzetakis issue could affect political developments only in the event of the president's resignation. In such a case, given the inability of the present legislature to elect—with 180 votes—a new president, it would have to be dissolved and new elections called, having the election of president as the main issue.

In this case we would have a constitutional, not a political, issue since—after the generally acknowledged failure of the "non-political" president—the New Democracy would easily and without internal disagreements combine the election with the return of Kon. Karamanlis to the presidency.

But all observers rule out such a development since they all believe that President Sartzetakis will stay on until the last day of his term. Of course, this constitutional issue—not a problem—will emerge anyway during the next legislature since it is considered certain that there will not be a total of 180 votes for the election of a new president in 1990.

In such a case either the two major parties will agree on one candidate, or the smaller of the two major parties will "lose" some deputies in favor of the governing party's candidate—or the legislature will be dissolved and a new election called for election of a president by 151 deputies instead of 180.

Therefore, there is a problem related to the marginal majority of the two major parties and the shrinking of the smaller parties, but it is not an immediate problem and it does not directly affect political developments.

Third. Neither side rules out the "utilization" by Andreas Papandreou of Greece's presidency of the EEC (second half of 1988) with a proclamation for elections in October (a month favored by those who attempt to make predictions) and with a central slogan being the premier's European and international leading role. Supporters of such a possibility "see" Papandreou as president of the EEC meeting with M. Gorbachev and President Reagan, and having some success with the tottering "spirit of Bafos." (A "success" in the Cypriot issue such as return of some hotels in Famagusta, but not in the Greek-Turkish dispute.)

Of course, one of the conditions is that "some money" will be found from abroad "to distribute" domestically.

Fourth, and last and deserving special attention: Government deputies in particular are talking about a simple proportional electoral system. They are afraid that PASOK is no longer the majority party. They don't believe the losses to the Right will be offset by gains from the Left.

They feel it is very likely there will be more economic tightening in 1989, and they see an early election as a way out. In such a case—and always trying to attract votes from the Left—a scenario is being presented with the American bases as its focal point. The scenario calls for terminating the bases' agreement, introducing a simple proportional electoral system, calling an election—in the middle of the EEC presidency—with strident slogans for a fight between the "vassals" and the "proud defenders of Greek national interests."

Without anything approaching certainty, and without ruling out anything either, everything is "talked about" and "considered" in the corridors of the Chamber of Deputies. Although it does not sound right in the context of the above scenario many government deputies—and some ND deputies—hope "the foreigners in the East and West want Papandreou in power."

Since the government officially insists it will complete its 4-year term until June 1989, which will also be the month for the Euroelection—and because of the rumors and various scenarios which cite October 1988 as a probable time for the election, and without having any intention of making fun of such serious matters—we must also note the view that the election may be called for February 1989. This is half way between October 1988 and June 1989. This scenario is also closely related to the state of the economy and for this reason has its own supporters.

This scenario holds that the premier knows two phenomena are present in the economy. There is a movement in investments—by Greeks and foreigners—which is attributed to the policy of "return to the West" and to the effect of the stabilization program (austerity measures). At the same time we have departures from this program—inability to hold down inflation—due to the pressure for more giveaways.

These two phenomena cannot co-exist, at least in relation to the policy of overtures to private initiative (capital) which invests only when the climate is "stable" in its view.

They say the current course of the economy is good, but the wider benefits (stable income because of lower inflation, reduction of unemployment due to investments) will appear after 1989, in the 2-year period 1990-91.

But there must be an election, and every party official knows you cannot win an election when you have an austerity policy.

Therefore, the "February scenario" speaks of certain inevitable (for the investment climate) burdens—a price freeze at the beginning of winter, a public works and giveaways' budget for 1989, and elections. This scenario, too, is related to the American bases, but in the sense that "they will give some money" for "distribution."

From all the above, desirable to some, undesirable to others, expedient or simply possible, it becomes clear that the country has already entered an election period. And this, certainly, does not help the finding of correct solutions for the many pressing problems.

7520/08309

Government Against PASOK Third World Partisans

35210105a Athens EMBISTEVTIKO GRAMMA in Greek 18 May 88 p 3

[Text] A silent and relentless war has broken out between the government and PASOK's Third World cadres. According to our information, many PASOK leftist officials [Green Guards], facing the prospect of being left out of political developments in the next few months, have taken revenge on the government by undermining its every initiative designed to move forward certain business activities. Thus, approval of many investments are delayed several months, investors are insulted, licenses that should have been issued are postponed, etc.

Main targets of the Green Guards are Ministers Pan. Roumeliotis, Evag. Giannopoulos, Evag. Kouloumbis, Giorgos Gennimatas, and K. Papanagiotou. Let it be noted that certain actions of those leftist cadres are encouraged by certain PASOK deputies, some of whom previously served in the cabinet as ministers.

7520/08309

SPAIN

Criticism of Guerra From Various PSOE Sectors

35480094 Madrid TIEMPO in Spanish
23-29 May 88 pp 8-17

[Text] The decline in the popularity of the government's vice prime minister, Alfonso Guerra, has achieved something that seemed impossible in the Socialist Party a few weeks ago: high-ranking party officials historically opposed to him are criticizing Guerra's usefulness as a member of the government, and are citing the need for Felipe Gonzalez to dispense with his services at Moncloa Palace, to devote himself entirely to the party. At least four ministers have expressed their misgivings, namely:

Economy Minister Carlos Solchaga, Industry Minister Luis Carlos Croissier, Defense Minister Narcis Serra, and Culture Minister and government spokesman Javier Solana.

None of them have criticized him publicly. The power of Alfonso Guerra, vice prime minister of the government and vice secretary general of PSOE, is still colossal. All have gone so far as to justify publicly, albeit failing to do so privately, the fact that Guerra used a Mystere airplane to return from Portugal to Sevilla for his Holy Week vacation; the point at which the scandal that has not left the vice prime minister since then erupted. But when Guerra blamed an "antidemocratic storm" for the criticism aroused regarding him personally, an unprecedented incident in the recent history of the Congress occurred: A Popular Alliance [AP] deputy called him a "political tyrant," and there was none of the usual stamping or murmur of disapproval from the Socialist group. On that day, AP Deputy Manuel Renedo commented: "The first time I called him a 'political tyrant,' I stopped, waiting for the reaction. When I saw them remaining quiet, I took advantage of it to call him that a few more times."

Ostensibly, such a symptom may not be enough to diagnose the ills of a political leader in his party. Apart from their failure to applaud, there are but few Socialists who dare to speak in public unless their comments praise the image of PSOE's number two man. As one Socialist deputy who was asked by TIEMPO last week whether Guerra should remain in the government remarked: "One doesn't discuss such matters unless he has life insurance."

The coincidence of Alfonso Guerra's crisis with the government remodeling planned by Felipe Gonzalez, which has been postponed again, this time until June, has prompted the emergence of criticism of the vice prime minister and a reinforcement of the theory that he would be better used in the party, where he could also inveigh dialectically against the opposition without the problem that he is causing now, while incurring the incompatibility of the personal criticism and the high institutional office that he holds.

At least four ministers have cited privately during recent weeks the feasibility of Alfonso Guerra's leaving the vice prime minister's post; although all four have done so covertly, without declaring open war on him (as Miguel Boyer did when forced to leave the government in the summer of 1985), and without much success to date; because Felipe Gonzalez, according to his associates, is the one who controls all the Socialist families, and is not about to let him leave his side for the present. One high-ranking official from Moncloa close to the prime minister claims: "Citing the possibility that Alfonso Guerra may leave the government means not knowing the party, nor the government, nor Prime Minister Gonzalez"; adding: "The identification between Felipe

Gonzalez and Alfonso Guerra is still total." As evidence, these sources point out that Gonzalez always nips in the bud any criticism made of Guerra at a meeting of high level party officials.

Damage to the Government

But the criticism is being made outside, and the rebellious ministers, who have different motives for their position, each acting on his own, agree on the claim that the vice prime minister's management and actions are contributing to a loss of image for the Socialist cabinet's administration, shown by all the polls taken in recent weeks. Those rebelling are gratified.

The government spokesman and minister of culture, Javier Solana, has always been a political rival of Guerra, because he vies with the latter for the prime minister's attention. Felipe Gonzalez likes both, and feels for Solana the admiration evoked in him by those from his party with a reputation for having entered leftist intellectual circles and also for having received doctorates from Anglo-Saxon universities. Solana was graduated from Harvard, and a situation similar to his is that of Education Minister Jose Maria Maravall (doctorate from Oxford), for whom no student or teacher strikes have caused a loss of confidence on the part of the government's prime minister. As the one responsible for publicizing the government's image, Javier Solana is finding it increasingly difficult to sell the achievements of the 5 years of Socialist government while the vice prime minister is raising storms in the press.

For the minister of economy, Carlos Solchaga, the problem is different. When he inherited that position from Boyer, he was left with his predecessor's collaborators and with Boyer's same plan; a plan which had been challenged by Alfonso Guerra nearly 3 years earlier. According to the government's vice prime minister, Solchaga's position toward Nicolas Redondo is partly to blame for the fact that the PSOE-UGT [General Union of Workers] relationship has become ruined.

Solchaga's associates, for their part, criticize the ignorance of economics displayed by the government's vice prime minister when he chairs the undersecretaries' meetings every Wednesday, prepared by the Council of Ministers on Fridays. Guerra, in turn, accuses the high-ranking economic officials of belonging to the class of "beautiful people"; something which, in his view, is damaging to the party, which he calls the party "of the poor." The differences between the two are obvious on some Wednesdays, when the meeting lasts too long, and the undersecretaries are left to dine with Alfonso Guerra at Moncloa. While they are preparing to attack the first course, with the silver place settings for fish, a waiter approaches Alfonso Guerra and puts his usual dinner in front of him: a glass of warm milk and a madeleine, "for dunking."

For the present, Felipe Gonzalez is keeping Solchaga as head of his economic policy, despite his differences with Guerra. But the current economy minister could be the victim of the next crisis, if the government's prime minister decides to make the changes in social policy that he has promised to Nicolas Redondo. At several meetings that he has held with the UGT secretary general, Gonzalez spoke to him vaguely about accepting several of the proposals that the Socialist leader has been making, for the government to correct its economic policy. He has never talked to him about dismissing Solchaga, but the latter's personal confrontation with Redondo is of such a caliber that the economy minister's head would be the best gift that they could receive at UGT headquarters.

Dissatisfied Economists

The minister of industry, Luis Carlos Croissier (whose name has been constantly mentioned as that of one to be dismissed upon the next government crisis), is another of those dissatisfied with Alfonso Guerra, complaining of the latter's boycott of his department's favorite projects.

And there are also ministers acting freely, without relying on the vice prime minister. This holds true of the interior minister, Jose Barrionuevo, at odds with Guerra since, after 2 years of Socialist government, he got rid of Carlos San Juan, the man whom the vice prime minister had assigned as undersecretary.

Several ministers complain that, at present, instead of coordinating the cabinet's work, Alfonso Guerra is complicating and postponing its problems. Another one complaining is Defense Minister Narcis Serra, who has also expressed criticism for the government's vice prime minister, with whom he has never had much in common. After all, Serra belongs to the Catalanian PSC [Socialist Party of Catalonia], in which "warring" has never carried much weight. And, furthermore, he wants to change ministries at the next cabinet crisis. His collaborators claim that he is tired of the military area and, as the economist that he is, wants to take over the Ministry of Economy with a new team (with many Catalanian members), to replace that of Carlos Solchaga, which, they claim, is already eroded in its authority.

The fact that PSC is currently in the midst of an electoral battle for the Generalitat has not prevented voices against Guerra from being raised in its ranks.

Paco Casares, PSC-PSOE deputy in the Catalanian Parliament, integrated into the Socialist Left movement, remarks: "I don't want to discuss what Guerra might represent to the rest of the state, but I can talk about Catalonia. I think that his way of acting is harmful to the party's image in Catalonia. The average feelings of Catalonians don't coincide with a political style using 'rude remarks' as a rule for action."

Casares adds: "The explosive type of political statements based on sarcastic, comic display is not well received, and has been criticized on many occasions at PSC rank and file meetings."

The resistance to Guerra in Catalonia is such that PSC requested that the government's vice prime minister not go there this time to engage in an election campaign; as was confirmed last week by a Socialist leader very close to the candidate for prime minister, Raimon Obiols.

Paco Casares, for his part, comments: "I don't believe that Alfonso Guerra will come to the Catalan election campaign; but, in any event, I consider it better for him not to do so, so that it may become more clearly evident that these are Catalonian elections, and nothing else. I wouldn't dare say whether or not he would take votes from us but, in any case, he wouldn't benefit the party in Catalonia."

Joaquim Nadal, mayor of Girona and head of the Socialist slate for that province in the Catalan elections on 29 May, goes further still: "As head of the slate for Girona, I can say that Mr Guerra will not come to my jurisdiction to engage in a campaign; because I don't think that it would be positive. My option at present is that Guerra is not of any interest to me at all, but rather, Catalonia alone."

PSC has not only shown its rebellion, by refusing to let Guerra "help" it in carrying out the campaign. The Catalan Socialists have already demonstrated their distance from the government by backing the supporters of Nicolas Redondo in UGT, and including them on their slates for the autonomous elections. These acts of rebellion by Obiols' party are being monitored closely by Moncloa, although it is quite unlikely that they will go so far as to adopt measures before the elections take place.

Rebellion Without Borders

The opposition to Guerra even extends to his own country: Andalusia. There, the revolt of Socialist sectors against the vice prime minister has been more clearly defined owing to the latter's maneuver, which succeeded in ousting Jose Rodriguez de la Borbolla from the post of secretary general of PSA [Socialist Party of Andalusia]-PSOE, to replace him with one of his loyal associates: Carlos Sanjuan. The maneuver has raised sore spots, and Guerra has not exactly managed to gain friends in his country.

In other communities, the discussions preceding the regional congresses following the PSOE Confederal Congress have cited the need for putting an end to the vice prime minister and increasing the regional federations' capacity for autonomy.

In the Canaries, Deputy Luis Fajardo Spinola, chairman of the Congress of Deputies' Commission on External Affairs, who appears as "Guerra's man," has not

achieved substantial backing for the Canary Socialists' congress. Nor did Fajardo succeed in being elected delegate to the Confederal Congress held last January in Madrid.

The rebellion has been foiled in Galicia, where the Galician PSOE's nationalist sector has not managed to oust Guerra's man in that community, Antolin Sanchez Presedo, who has had the backing of Abel Caballero to silence the criticism against the government's vice prime minister.

The criticism extends outside PSOE; although, among the opposition there, it is claimed that the government's erosion is more deepseated, and that the crisis is already besmirching Felipe Gonzalez himself.

Criticism

The secretary general of Popular Alliance, Arturo Garcia Tizon, claims that, at this stage, he no longer sees any need for Felipe to reshuffle the cabinet: "The education problem is not Maravell; the justice problem is not Ledesma; the unemployment problem is not Solchaga. The problem is Felipe Gonzalez'."

A similar opinion is held by the CDS number two man, Agustin Rodriguez Sahagun: "PSOE's decline in the polls has occurred because of the enormous disappointment among the electorate, which has observed that Felipe Gonzalez' messages are not in keeping with the reality. And he is the most eroded one in the government, having lost his credibility and control of the government leadership. Felipe Gonzalez has been left without ideas."

The newly appointed PCE [Spanish Communist Party] secretary general, Julio Anguita, remarks, for his part: "The problem is not one of changing ministers, but rather of changing policy. Felipe Gonzalez' option is that of governing in favor of or against the interests of society." And the DC [Christian Democratic Party] president, Javier Ruperez, expresses the view that, "This government has achieved what had not happened since Francoism: the ministers becoming irrelevant. The best thing that Felipe Gonzalez could do would be to replace himself."

Most of the opposition politicians do not hesitate to link the beginning of a decline in PSOE voting expectations with the Mystere incident in which Alfonso Guerra was the leading figure. Rodriguez Sahagun claims: "During recent months, there has been a gradual detachment of voters from PSOE, which has become accelerated because the Socialists are losing credibility." Garcia Tizon thinks: "Spanish society is questioning the ethics of the Socialist rulers."

Faced with the crisis that has already sullied him, Felipe Gonzalez is left with the possibility of cutting loose and assigning his colleague of so many years to a different

job. Two weeks ago, a member of the PSOE Federal Executive Group remarked privately that the best thing that the government's prime minister could do now is to dispense with Guerra's company in the government and send him to the party; so that he might plan an electoral strategy there that could prove useful for the next elections and, in particular, when making use of his sarcasm, he could do so with the freedom of speech accorded for being leader of a party but not a member of the cabinet.

Lopez Riano: 'Felipe's Collaborators Are Not Permanent'

Carlos Lopez Riano, Socialist deputy from Madrid, and one of the historical leaders of the Socialist Left movement, has broken his silence, after the movement's crisis and PSOE's 31st Federal Congress.

[Question] At present, there seems to be a certain amount of tension on high Socialist levels regarding Alfonso Guerra and the Socialist Party's loss of image. To what do you think this is due?

[Answer] I think that the loss or increase in Socialist votes has nothing to do with incidental matters, but rather with permanent problems. For example, I, personally, am less concerned about the case of the Mystere airplane, and more about influence peddling or control of foreign capital in Spain. In the final analysis, what will be valued about the PSOE governments will be their capacity to solve problems that are still unsettled.

[Question] But what about the internal tensions?

[Answer] I don't know the extent to which there are internal tensions, but during my experience in the party I observed that there is only one ideologue and one indisputable leader; and he is Felipe Gonzalez. The party has given him all its confidence several times, and that is why he is prime minister of the government. The collaborators of that leader cannot be permanent, nor think that they are.

[Question] There is a great deal of criticism of Alfonso Guerra now...

[Answer] I don't think that this has any connection with internal disputes. Felipe Gonzalez and Alfonso Guerra are the party's leaders, and not only do they embody a majority plan, but they have always been the supreme expounders of that plan. The warring is, in fact, an invention of those who, at one time, wanted to distance themselves from the official policy, without having ideological differences. This holds true, for example, of Jose Leguina, who speaks of warring as a way of demarcating oneself, but nothing more. I believe that warring is the majority position in the party.

Carlos Lopez Riano is no longer a member of the Socialist Left group, which is about to leave PSOE, but he does not think that the creation of that movement was a mistake.

He believes that the possibility of the Spanish Socialist Workers' Party's winning an new absolute majority cannot be precluded, claiming that the debates that may be under way in the government will not last over 2 months.

Portrait of the Perfect Warrior

The perfect warrior, claim the deputies who have studied this social phenomenon from their seats, is a man aged between 30 and 40, with intermediate schooling, affiliated with PSOE for about 10 years; he resides in a provincial capital or large-sized town, and differs from the other thousands of gentlemen coexisting with him in one vitally important detail: his adoration for Alfonso Guerra. The experts claim that the perfect warrior has his origin in the traditional middle class, in which he was brought up as God commands, until finishing his advanced studies. He lives well now, but without luxuries. On many occasions, he is separated or divorced from his wife, and has established his quarters in the less developed geographical areas of Spain, such as Castilla-La Mancha, Andalucia, and Extremadura.

In many instances, he has never achieved a professional career, or the latter has been meager. The perfect warrior devotes most of his daytime hours, and even several at night, to working for "the apparatus": that of PSOE, of course; which gives him considerable power over the other PSOE members in his locality. Outside, the typical warrior usually dresses in modern style, but without eccentricities, and without letting his attire become expensive for him: a jacket with a design, a colored shirt, a tie lighter than the shirt, also with a design, and good grooming.

He often has a medium-type car, but with good engine performance, and spends the summer in Ibiza or Almeria.

As one observes, warring is not an ideology, but rather a question of manners, in which the aggressive nature, loyal in defense of the leader, prevails.

Spaniards Want a New Government

The majority of Spaniards are asking Felipe Gonzalez to create a government crisis and to make a shift in his

Do you believe that, after the recent events and given the Socialist government's possible erosion, Felipe Gonzalez should take advantage of the situation and make a change in the government.?

| | Total | (1) Sexo (4) (5) | | (2) Edad | | | | Recuerdo de voto al Parlamento Europeo (3) | | | | |
|----------------|-------|---------------------|-------|----------|-------|-------|------|---|------|------|------|------|
| | | Hombre | Mujer | 18-29 | 30-44 | 45-64 | + 65 | PSOE | AP | CDS | IU | CIU |
| Si (6)..... | 55,0 | 53,5 | 56,3 | 54,2 | 62,7 | 55,1 | 43,2 | 44,2 | 69,0 | 66,7 | 74,3 | 76,3 |
| No | 18,4 | 20,3 | 16,6 | 15,3 | 19,0 | 17,0 | 24,8 | 36,4 | 8,8 | 16,5 | 10,2 | 9,0 |
| NS/NC (7)..... | 26,6 | 26,1 | 27,1 | 30,5 | 18,3 | 27,9 | 32,0 | 19,4 | 22,2 | 16,8 | 15,5 | 14,7 |

Do you believe that Felipe Gonzslez' government should make an effort to more closely approach the position upheld by Nicolas Redondo?

| | Total | Sexo | | Edad | | | | Recuerdo de voto al Parlamento Europeo | | | | |
|-------------|-------|--------|-------|-------|-------|-------|------|--|------|------|------|------|
| | | Hombre | Mujer | 18-29 | 30-44 | 45-64 | + 65 | PSOE | AP | CDS | IU | CIU |
| Si | 58,6 | 59,9 | 57,4 | 58,4 | 64,8 | 56,4 | 52,8 | 64,6 | 43,2 | 71,3 | 82,2 | 68,9 |
| No | 14,4 | 17,2 | 11,7 | 11,5 | 15,8 | 14,5 | 16,2 | 15,6 | 29,2 | 9,2 | 7,5 | 12,8 |
| NS/NC | 27,0 | 23,0 | 30,9 | 30,1 | 19,3 | 29,1 | 31,0 | 19,8 | 27,7 | 19,5 | 10,3 | 18,3 |

Key: 1. Sex; 2. Age; 3. Memory of vote for European Parliament; 4. Men; 5. Women; 6. Yes; 7. Don't know/no answer

Technical Record:

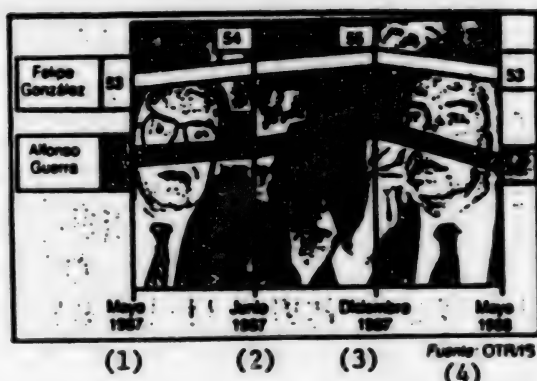
Universe: persons over age 18. Scope: Spain. Sample: 1,000 interviews, with a possible error of ± 3.2 percent, for a confidence level of 95.5 percent (sigma 2), and p/q = 50/50. Selection: random, based on the system of quotas by sex, age, and occupation. Interview: personal. Date of field work: 4 May 1988. Execution: Sigma Dos, S.A./OTR-IS,

social policy that will bring it closer to the positions upheld by the General Union of Workers leader, Nicolas Redondo.

According to a poll taken for TIEMPO by Sigma Dos, S.A./OTR-IS, 55 percent of Spaniards want Felipe Gonzalez to replace some cabinet members, as opposed to only 18.4 percent, who think that he should keep his team as it is. Woman and persons aged between 30 and 44 years are the ones who most favor a change in the government. Taking into account the votes cast in the last elections (those for the European Parliament in June 1987), it is the Catalanian nationalist voters from Convergencia i Unio [Convergence

and Unity] and those of United Left who ask Felipe to replace his ministers in the largest proportions.

The Social Democratic Center and Popular Alliance voters also favor this measure, although in a lesser proportion, and always above the average for Spaniards. Among those who cast their vote for the Spanish Socialist Workers Party there are also more requesting replacement than those calling for retention; although without reaching the absolute majority, and falling short of the national average: 44.3 percent are infavor, and 36.4 percent, against.



Key: 1. May; 2. June; 3. December;
4. Source:

Alfonso Guerra's popularity has undergone a serious decline in recent months. According to the periodic polls taken by OTR/IS, the government's vice prime minister has always been far from achieving a "sufficient" in popularity. He has always failed, with grades of under or about 4 out of 10 points. However, he plummeted after the Mystere incident, with his level dropping even lower: 3.6 points.

An even more marked absolute majority is comprised of Spaniards who believe that Felipe Gonzalez "should make an effort to approach the position upheld by Nicolas Redondo": 58.6 percent, in contrast to 14.4 percent opposed. Redondo's supporters number more among the voters of United Left (82.2 percent), Convergence and Unity (68.9 percent), and Social Democratic Center (71.3 percent) than in the Spanish Socialist Workers Party (64.6 percent) and Popular Alliance (43.2 percent). Oddly enough, it is the rightist voters who sway the balance more in favor of Felipe Gonzalez, in his controversy with General Union of Workers; although the followers of the government's prime minister are still a minority among this population segment as well.

2909

SWEDEN

Liberals, Socialists Present Election Platforms

Liberals Stress Tax Reform

36500127 Stockholm DAGENS NYHETER in Swedish
5 Jun 88 p 12

[Article by Ake Ekdahl: "Liberal Party Election Platform: Taxes Are Most Important"; first paragraph is DAGENS NYHETER introduction]

[Text] "A nonsocialist prime minister should be picked from the party which has the greatest success in the

election at the time of a shift of power," said the Liberal Party [FP] leader, Bengt Westerberg, when he opened his election campaign by presenting his election platform on Malartinget in Ekebyhov's fine old wooden palace on Ekero.

The chestnut trees were in full bloom in the garden, and the greenhouse-cultivated cornflowers were resplendent in vases when Westerberg explained the party's election plans before a large audience.

Now, as before the last election, this election can create a nonsocialist majority and a nonsocialist three-party government, said Westerberg. No other formula than an election victory itself exists for the choice of a party from which a government leader for the whole country can be chosen, he said at a press conference.

"When the Liberal Party was a small party we were a bit timid about losing influence, and, therefore, less interested in three-party cooperation," added the vice chairperson, Birgit Friggebo.

Election workers are being urged to emphasize three main points. A policy which stimulates production. Most important is tax reform, including reduced marginal taxes. Further, a policy of freedom of choice between the public and the private. Finally, a policy of solidarity in which the central question is still private rooms for all who want them in long-term care. There are still 50,000 people in institutions in the Swedish welfare state without that possibility.

In his speech to party members at Ekebyhov Palace Westerberg said: "Speaking clearly about our goals means treating the voters with respect. Respect and honesty toward the voters will be the trademark of the Liberal Party."

See Through

He said further that a goal of the Liberal Party in the opposition is to pursue a policy which would also be suitable in the government. That sometimes means a rather harsh message, but, said Westerberg, "I am convinced that there are many who appreciate this sincerity and who see through those who try to make their way by bluffing, instead."

He did not say which parties bluff, but earlier he criticized the Conservatives for unreasonable promises of tax reduction. The harsh messages were not difficult to detect. Recently the Liberal Party contributed to raising oil taxes by 200 kronor per cubic meter, more than double what the Government anticipated.

The Liberal Party leader pointed to several reasons why he believes that the nonsocialists will do better in holding a three-party government together than they did in 1976-1982.

"We are all aware that it simply must work. The voters would have very little compassion for a nonsocialist alternative which fails to hang together for an election period once again," he said.

Satisfied

Westerberg expressed satisfaction with how FP influenced policies, even while in the opposition. He spoke of how Ranealven and Edangeforsen were saved, how the Government gave in to investigating environmental fees, better school books, state contributions to private Goteborg schools, how old-age homes were saved and how the defense budget was influenced by the FP.

Finally, the election platform promises reduced marginal taxes during the election period. The first steps will be taken next year against reduced compensation in health insurance and a reduced basic deduction by 1,000 kronor.

Paper Comments on Platform

36500127 Stockholm DAGENS NYHETER in Swedish
5 Jun 88 p 2

[Editorial: "Liberal Party's Election Concentration Now Clear"]

[Text] Bengt Westerberg remains a great asset for the Liberal Party. This was confirmed by today's poll by the IMU [Institute for Market Research] measuring the voters' confidence in different party leaders. In addition to massive support from his own party, Westerberg also has considerable confidence from those who acknowledge supporting other party leaders. Forty-two percent of Social Democratic Party voters and 50 percent of Conservative Party voters say that they have much or very much confidence in the Liberal Party leader. Forty percent of Conservative Party sympathizers would prefer to see Bengt Westerberg as prime minister in a nonsocialist government. Approximately an equal number of Center Party supporters feel the same way. Among Environmental Party supporters, two out of three would prefer Westerberg as prime minister in a nonsocialist government.

Thus, Bengt Westerberg has exceptional prerequisites to fill the role of national leader after a nonsocialist election victory. In the election itself, he is an especially dangerous challenge to the Social Democrats by standing strong in the very aspects where the nonsocialists have been vulnerable, mainly competence to govern.

At the same time many voters this spring have observed what appeared to be a surprising closeness between the Liberal Party and the governing Social Democrats. Yes, not the least with the party leader himself, there is a certain satisfaction with the political direction of Ingvar Carlsson and Kjell-Olof Feldt. It has not only appeared in a number of settlements, but also in the tone and intent of coming reforms, such as in taxes.

Against this double background the Liberal Party made an important position statement with the presentation of its election platform on Saturday. Social feeling is strongly present and obligatory in the election program,

and it is especially clear in matters relating to improving living conditions for the old and the sick. But that is not a vital social democratic policy which will be announced if the Liberal Party gets greater influence in the next 3 years.

Many changes are being supported which will be noticed if they are carried through: real reductions in marginal taxes and a marginal tax ceiling of 60 percent, abolition of the wage-earner funds and stimulation of profit sharing with employees, sale of state-owned businesses to the public, permission for private pre-school teachers, doctors, dentists and physical therapists to start their own accounts for care contributions with 15,000 kronor per child of pre-school age, higher fees for some social insurance, measures to encourage ownership of own housing, abolition of tax on capital assets for working capital of small businesses, a new grading system which measures knowledge instead of students' relative positions, etc.

The Liberal Party has used its time in the opposition for rather concrete and realistic work, including the economic aspects, that should demonstrate its ability in practical government negotiations. "Without a doubt there is a significant foundation for a nonsocialist government platform which, with a jackrabbit start, could continue Sweden on a new course," said Westerberg about the opposition's combined situation before the election.

We do not feel totally sure of the correctness of his judgment, if in the need of common reforms he also demands a total and viable economic-political strategy plus actual firmness from all the intended government parties. However, it contains a message needed by the Liberal Party's working direction.

SDP Accused of 'Passivity'

36500127 Stockholm DAGENS NYHETER in Swedish
5 Jun 88 p 15

[Commentary by Ake Ekdahl: "Passivity Beginning To Cause Concern: Disputed Social Democratic Tactic"; first two paragraphs are DAGENS NYHETER introduction]

[Text] The political debate in the Riksdag has been unusually paralyzed and quiet this spring. If any issue begins to flare up the Government is willing to compromise. Now the temperature must be raised if we are to win the election, said Sten Andersson.

It is called the strategy of silence. The Social Democrats work methodically to puncture controversial issues before the election. Opposition politicians complain openly. "We have never before experienced anything like this. No matter what we come up with, the Social Democrats avoid the issue." The election temperature is near zero a couple of summer months before the election.

The political debate has been strangely absent this past year. After Palme's death, confrontation politics were set aside. His successor, Ingvar Carlsson, sought unity in repeated discussions with party leaders. And this year the Riksdag was transformed into a forum for gray and practical everyday politics.

With the exception of the public questions in the Riksdag committees and the four special debates about various matters: the Berling affair, the EC question, the health care crisis and the purchase of the Carnegie Fund Commission by PK Bank, it is difficult to point to any single Riksdag debate with vigor.

Twist the Weapons

With mixed irritation, surprise, concern, anger and even malicious joy—the proportions are a bit different in different political circles—the opposition is speculating over the Social Democrats' new working method of twisting the weapons out of the hands of their opponents.

When the narcotics debate began to grow at the Social Democratic Party Congress, the Government turned completely around and voted for the harder line to criminalize even personal use of narcotics. When the prisoner debate showed signs of heating up after Berling's flight and the confusion within the police, prison authorities and the Justice Department, the new Minister of Justice Anna-Greta Leijon immediately disarmed the question of serving half sentences in prison.

When pensioners threatened to refuse to vote if the Government refused to release the devaluation amount this year, the government gave up and increased the pensions by 2.4 billion kronor from 1 January 1989, although Feldt wanted a long payoff time in installments.

And it caused great surprise when Prime Minister Ingvar Carlsson reversed himself on homes for the elderly, and promised continued life to the old-age homes. And that was, furthermore, after weeks when the state contribution went first to reconstruction, then to new construction and finally also to personnel at the old-age homes after one or another reversal in the Riksdag Social Insurance Committee. It was a complete reversal. The old conflict about widows' pensions followed the same pattern.

The list of issues on which the Social Democrats and the Government have given in to the opposition and public opinion can be long: it concerns school books, in which the government now wants to reintroduce the gift teaching fund paragraph, a softened seamen's tax, more generous study funds, high school admission requiring tests and grades, state grants to the two private Goteborg schools, right of deduction for pension insurance for which the chairman of the Tax Committee Jan Bergqvist (Social Democrat) abandoned his own motion and

finally Finance Minister Feldt's sudden jump onto the Center Party's and the Communist Left Party's best election issue concerning differentiated value added tax.

Then came the reversal on the EC question. By a wide majority the Riksdag in the spring adopted a line which, for the Social Democrats, was surprisingly benevolent regarding future relations with the EC. The chairman of the Foreign Policy Committee, Stig Alemyr (Social Democrat) succeeded in gathering four parties around the writings which removed prior repudiation of future membership. Only the Communist Left Party was against it.

A curious event took place during the spring when the Riksdag was to decide about future road construction. In the Agricultural Committee the Social Democrats approved testing new road construction against the environmental laws, but in the traffic committee, the same party disapproved such procedural concessions. The Riksdag suddenly had two majorities against two conflicting decisions. The whole thing was discovered later and corrected.

'Confusion'

In the old Government House members of the Communist, Center, Liberal and Conservative Parties sit and sigh. "The Social Democrats have been hit by ideological confusion, which has not been solved by the new leadership. Sometimes it is a matter of populism. Weapons export will both continue and be stopped. The Oresund bridge will be built and will not be built. Nuclear power will be stopped and will continue," says the Communist Left Party.

When the Social Democrats are looking for allies, as in the case of the defense agreement with the Liberal Party, or the higher gasoline tax, and the state contribution to municipalities with the Communist Left Party, or demolition of milk subsidies with the Conservative Party. Or when Feldt jumps on a Liberal Party proposal for higher oil taxes, more than doubled when compared with what he himself dared. Or when the Riksdag increased the environmental demands by 20-30 points. Or when the Government hid a future tax reorganization in committees until after the election, then everything is falling under normal political rules.

But when the Social Democratic Party completely reverses itself on ideological election questions with a clear shift to kill controversial debates, and drop election questions to a lower level, then the nonsocialist circles see it as controlled by tactical considerations.

Only on one question of order has the Government put the admiring claque in the background. That concerned family policy and the nonsocialist care contribution. There the Government supported by the Communist Left Party was opposed by a clear counterbid before the

election of expanded parental insurance. Perhaps the fifth AP [National Pension Insurance] fund and the puppy tax should also be counted among the year's few challenges.

But it is surprising that the Social Democrats have not fought harder for traditional welfare questions such as care of the elderly, the children and the sick.

Cry Alarm

When the head of the Radium Home in Stockholm, Professor Jerzy Einhorn, cried the alarm that elderly cancer patients could not count on radiation treatments, the debate over the Swedish care crisis broke out in earnest. Prime Minister Ingvar Carlsson blamed the nonsocialist-controlled Landsting in Stockholm. The debate died, however, when it was learned that heads of clinics all over the country faced the same problem. It was a national problem.

Even in the important principle debate about the public sector's responsibility in care the Social Democrats have kept themselves a bit hidden from the general debate over state support for child care if it is advocated as day care homes in combined administration.

The pattern from the 1985 election campaign is recognized. Now, as then, the Social Democrats are playing on their own competence and splits among the nonsocialists. The government points to successful economic policies and higher real wages for the Swedish people. For that, the Social Democrats are asking for the trust to continue to govern.

Foreign Minister Sten Andersson, who has been through many election campaigns as party secretary and strategist, said in a newspaper article the other day:

"What we see in Sweden, the welfare we have, is a result of a conscious striving for justice. And, without a doubt, the labor movement has played the largest role in this."

But in a year when the Riksdag's committee has taken its own initiative more diligently than ever, and the Riksdag has written out more announcements (a form of reversed proposition) than before, even Sten Andersson gets worried about how the "strategy of silence" will be seen by the voters.

In the newspaper ARBETET he warned: "It is too calm in the party. No action in the debate. It is pleasant and comfortable, but there is a great risk. We can lose the election. Now it is time to begin to agitate."

He has fought in many election campaigns since 1946, but he recognizes that he has never before confronted what is now happening.

Successes may have laid the foundation for passivity, warned Sten Andersson, and continued: "We must immediately show that Social Democratic policies are also needed in the future, and that there are great risks in allowing governing power to fall into the hands of the nonsocialists.

"We must go out and agitate. We must engage in debate. We must inform about the alternative," said Sten Andersson.

After an election year in which political affairs and politicians' morality dominated the debate, whether it dealt with the defecting minister of justice or the ocean farmer, Sven-Olle Olsson, and the refugees, the risk of passivity among the voters increases when the issues are made passive. Now the question remains whether the election plans that the parties will be presenting in the next few weeks can ignite the election fire.

9287

Polls Indicate Increased Support for Nonsocialists

Voters Favor Coalition Government

36500129 Stockholm DAGENS NYHETER in Swedish
3 Jun 88 p 12

[Article by Ake Ekdahl: "Increased Support for Three-Party Rule"]

[Text] Only one out of ten Social Democrats would want a Social Democratic government to continue ruling on its own if the result of the election this fall is similar to the outcome 3 years ago, in other words if there is a socialist majority but not a straight Social Democratic majority.

That was shown in a survey of the kind of government the Swedish people want, conducted by the Swedish Institute of Public Opinion Research [SIFO] for the Forum for Social Debate foundation, which commissioned a similar survey before the last election.

There was increased support among nonsocialist voters for a three-party government. Six nonsocialist voters out of ten would like such a government if the election produces a nonsocialist majority. Liberal support for a three-party government showed a particularly large increase, from 33 to 59 percent.

Home Interviews

SIFO conducted 1,510 home interviews around the country in the periods 10-26 April and 4-10 May. Respondents were asked which party or parties they would like to have included in the government. Three possible election results were presented: a nonsocialist majority, a socialist majority but without a straight Social Democratic majority and a situation in which neither political bloc has a majority.

In the event of a nonsocialist election victory that produces a clear majority for this bloc, six out of ten people want the nonsocialist parties to form a three-party coalition government, an alternative favored by 59 percent of the Conservatives, 59 percent of the Liberals and 61 percent of Center Party supporters.

Sympathy

Nine percent would prefer a Conservative-Liberal government and only 4 percent favored a middle-party government consisting of the Liberal and Center parties. Such a government was formed at the end of the nonsocialist government years under Thorbjorn Falldin and is often extolled by middle-party voters. The greatest sympathy for a Liberal-Center middle-party government is found among Social Democratic and Left-Communist Party [VPK] voters. This alternative was chosen by 16 and 23 percent respectively in the event of a nonsocialist election victory. Eight percent of the nonsocialist voters want to include the Environment Party in the government.

If there is a combined SDP-VPK majority, in other words the same situation that exists in Riksdag today where the Social Democrats do not have a majority on their own, four out of ten socialist voters would like VPK to be included in the government. Support for a red-red coalition is equally strong among Social Democratic voters.

Uncertainty

Social Democratic voters showed great uncertainty on the government question. The percentage of Social Democratic voters who want the SDP government to remain in office on its own has declined since 1985. Then 28 percent answered a similar question by saying they wanted the Social Democrats to rule alone. This year only 10 percent spontaneously chose this alternative.

An equal number, 10 percent of Social Democratic voters, prefer an SDP-Liberal government cooperation. Eleven percent want to include the Environment Party in the government. Twenty percent think a coalition across bloc lines is preferable.

A situation where neither bloc wins a straight majority can arise if a party like the Environment Party enters Riksdag and plays a swing-vote role. In that case 25 percent of the voters were unable to say which parties should rule. A sizable percentage, 35-38 percent, would prefer a cooperation across bloc lines. Nine percent of the nonsocialist voters would like the nonsocialists to form a government with the Environment Party and 8 percent of the Social Democrats would like a socialist government in a coalition with the Greens. Environment Party supporters, themselves, would prefer a coalition across bloc lines in which they would participate. In a choice between a socialist and a nonsocialist government, slightly more Environment Party voters chose government cooperation with the nonsocialists, 11 compared to 8 percent.

Swing Vote

On the nonsocialist side, interest in government cooperation is somewhat greater among Center Party voters than among Conservatives and Liberals in a situation

with a nonsocialist majority. But if the Environment Party is in a swing-vote position, the circumstances are reversed. In that case 10 percent of the Conservatives would be glad to have the Environment Party in the government, but only 5 percent of the Center Party voters feel the same way.

Paper Comments on Poll

36500129 Stockholm DAGENS NYHETER in Swedish
3 Jun 88 p 2

[Editorial: "Most People Favor Majority Government"]

[Text] Nonsocialist voters want a three-party government while Social Democrats would like their party to cooperate with others. Voters across the board want a majority government; that is how the opinion poll SIFO conducted for the civic organization, Forum for Social Debate, should be interpreted.

It is significant that an overwhelming majority of Center voters also support three-party cooperation, which, in practice, would limit the party's scope in a post-election government formation. On the other hand, there is some support among nonsocialist voters in general for a government made up of the Conservatives and Liberals alone. But very few want a government formed across bloc lines if there is a nonsocialist majority in the Riksdag.

As things now stand the Social Democrats can hardly count on the possibility of winning a majority on their own. The fact that four out of ten Social Democrats surveyed want a government cooperation with VPK probably stems from a desire for a more stable parliamentary base while at the same time it is obvious that a great many of them accept the idea of cooperating in a partnership with the Communists.

Others are hoping for a coalition with the Liberals or a government cooperation with the Environment Party, while both the Center Party and the Conservatives are obviously regarded as less interesting prospects. The most striking feature is indecision about where the Social Democrats should turn.

But, in general, there is a strong feeling among Social Democratic voters that their party should stay in power, even if the Environment Party gets into the Riksdag and acts as a swing-vote group there. In such a situation more nonsocialist voters would rather have a government across bloc lines than a three-party government without a nonsocialist majority.

A series of contradictory statements from the various spokesmen for the Environment Party should have made it clear that it would be absurd to base any government on the unreliable support of the Greens. Therefore, it is some consolation that parties on both sides of the aisle

have good grounds for refusing to allow government authority to deteriorate in such a situation.

Polls Agree on Trend

36500129 Stockholm DAGENS NYHETER in Swedish
6 Jun 88 p 2

[Editorial: "SIFO and IMU"]

[Text] In February SIFO and the Institute for Market Research [IMU] reported such different results that confidence was shaken in both surveys of party support. On the central question of the standing of the Social Democrats, SIFO maintained that the party was way above its 1985 election result while IMU, on the contrary, said the party was somewhat below that level.

Three surveys later, the picture is clearer: SIFO has gradually moved closer to IMU's assessment. SIFO's figures now also indicate a Social Democratic decline. In contrast to 1985, the Social Democrats failed to take advantage of the important spring months to seize the political initiative even though the public contract negotiations were more painless than anticipated. Instead, the Conservatives have now emerged as the late spring winners.

SIFO has provided another important piece of information: the Environment Party is hanging on as we move into the election campaign and will thus avoid the mental block effect of the 4-percent cutoff barrier on people's voting decisions. Recent environmental catastrophes and abuses of power will probably not reduce the Greens' chances of hanging onto a large part of their supporters.

Fewer Voters Support Carlsson

36500129 Stockholm DAGENS NYHETER in Swedish
5 Jun 88 p 12

[Article by Sven Svensson: "Nonsocialists Abandoning Carlsson"; first paragraph is DAGENS NYHETER introduction]

[Text] Prime Minister Ingvar Carlsson's voter confidence rating has slipped somewhat in the last half year, but the decline occurred only among nonsocialist voters. This was shown by the DAGENS NYHETER/IMU confidence survey for May. Liberal Party leader Bengt Westerberg has improved his standing as the nonsocialist opposition's candidate for prime minister.

Between 18 April and 11 May, 889 people were questioned about their attitudes toward party leaders in connection with the survey of party sympathies that was published in DAGENS NYHETER on Sunday. It pointed primarily to a strong gain of 4 percent for the Conservatives and a decline of 2.5 percent for the Environment Party.

This is not reflected in the confidence ratings. While Bengt Westerberg improved his standing in some respects, confidence in Carl Bildt declined again. Olof Johansson's confidence rating improved.

Top Leaders

This is how the "party leader chart" looked in May:

Ingvar Carlsson was given a great or very great confidence rating by 62 percent of the voters, Bengt Westerberg had a rating of 50 percent, Olof Johansson had 28, Lars Werner 27 and Carl Bildt 26 percent.

There has been a continuing decline of confidence in Ingvar Carlsson from 65 percent near the end of last year and 72 percent in March 1987.

The decline is due solely to nonsocialist voters, especially Liberal voters.

Within the socialist bloc, Ingvar Carlsson's position is generally unchanged with a confidence rating of 88 percent. Some 41 percent of the voters in the nonsocialist bloc expressed confidence in Ingvar Carlsson compared to 46 percent 6 months ago. Among Liberal voters, 45 percent now have confidence in him compared to 51 at the end of last year and 59 percent last March.

Liberal Party leader Bengt Westerberg's confidence rating has remained constant at 50 percent through the last three polls. There has been a slight decline in the number who have "very great confidence" in him.

Westerberg inspires confidence in 64 percent of the nonsocialist bloc and 41 percent of the socialist bloc.

Olof Johansson came in last in the previous poll, but has now moved ahead of both Lars Werner and Carl Bildt with a confidence rating of 28 percent compared to 25 percent 6 months ago.

But it is within the socialist bloc that the Center leader has improved his position. There 24 percent expressed confidence in him compared to 14 at the end of last year.

VPK leader Lars Werner has a stable position with a confidence rating of 27 percent.

Carl Bildt is again in last place with a confidence rating of 26 percent compared to 31 at the end of last year and 25 in March. It was primarily Center voters who lost confidence in him. Some 18 percent expressed confidence in him compared to 37 percent last time.

Olof Moves Up

There were not enough Environment Party respondents to enable us to draw any reliable conclusions from their replies. It can be noted as a curiosity that Olof Johansson had the highest confidence rating among Green sympathizers, 65 percent, followed by Ingvar Carlsson with 58 and Bengt Westerberg with 56 percent.

When he was a new party leader Olof Johansson had a high "don't know" figure, but now it is down to a normal level.

Bengt in the Lead

Four percent of those questioned expressed no opinion about their level of confidence in Ingvar Carlsson and Bengt Westerberg respectively, 5 percent gave that answer with respect to Carl Bildt and Lars Werner while the figure was 6 percent for Olof Johansson.

| | Total | Nonsoc. bloc | Soc. bloc |
|--|-------|-----------------|--------------|
| | 889 | 405 | 390 |

How much confidence do you have in each party leader? Results in percentages.

CARL BILDT

| | | | |
|-----------------|----|-----|-----|
| Very great deal | 3 | 8+ | 1- |
| Great deal | 23 | 41+ | 7- |
| Not much | 45 | 48 | 44 |
| None | 25 | 8- | 44+ |
| Don't know | 5 | 3- | 5 |

INGVAR CARLSSON

| | | | |
|-----------------|----|-----|-----|
| Very great deal | 18 | 4- | 32+ |
| Great deal | 48 | 37- | 50+ |
| Not much | 28 | 48+ | 8- |
| None | 5 | 8+ | 1- |
| Don't know | 4 | 3 | 3 |

OLOF JOHANSSON

| | | | |
|-----------------|----|-----|-----|
| Very great deal | 2 | 3 | 1- |
| Great deal | 28 | 31+ | 23 |
| Not much | 55 | 53 | 50+ |
| None | 12 | 8- | 11 |
| Don't know | 6 | 4 | 5 |

LARS WERNER

| | | | |
|-----------------|----|-----|-----|
| Very great deal | 3 | 1- | 5+ |
| Great deal | 24 | 12- | 38+ |
| Not much | 43 | 48 | 40 |
| None | 28 | 39+ | 12- |
| Don't know | 5 | 2- | 5 |

BENGT WESTERBERG

| | | | |
|-----------------|----|-----|-----|
| Very great deal | 5 | 8+ | 3- |
| Great deal | 45 | 58+ | 38- |
| Not much | 39 | 30- | 48+ |
| None | 8 | 3- | 8+ |
| Don't know | 4 | 3- | 4 |

If the nonsocialists win the next election, which party leader would you prefer as prime minister?

| | | | |
|------------------|----|-----|-----|
| CARL BILDT | 12 | 21+ | 4- |
| BENGT WESTERBERG | 58 | 55 | 62+ |
| OLOF JOHANSSON | 18 | 14- | 23+ |
| No preference | 4 | 5 | 3 |
| None of them | 5 | 2- | 8 |
| Don't know | 3 | 3 | 2 |

IMU asked voters a separate question about whom they regarded as the nonsocialist candidate for prime minister. Bengt Westerberg has had a clear lead here all along and he strengthened it even more in the current poll.

Some 58 percent of all voters now view him as the best nonsocialist prime minister compared to 56 percent in the last two polls.

Olof Johansson has improved his standing somewhat while Carl Bildt lost ground here too.

Olof Johansson had the support of 18 percent compared to 16 percent 6 months ago. Carl Bildt had a rating of 12 percent compared to 15 at the end of last year.

Within the nonsocialist bloc, 55 percent would prefer Bengt Westerberg as prime minister, 62 percent of the socialist voters shared this view and 37 percent did not indicate a preference.

Party Leader Chart

Percentage of all respondents expressing confidence

Great confidence:



This is an increase of 8 percent for Westerberg in the nonsocialist bloc and a decline of 3 percent in the socialist bloc.

Among Liberals, 93 percent would like Westerberg as prime minister, a slight increase, but 40 percent of the Conservative supporters also favored Westerberg.

In the nonsocialist bloc Carl Bildt has a lead over Olof Johansson as prime minister, with 21 percent preferring Bildt compared to 14 percent for Olof Johansson.

In the Environment Party, 64 percent think Westerberg is the best nonsocialist candidate for prime minister, while 18 percent prefer Olof Johansson.

06578

Poll on Youth Attitudes Finds Increased Political Apathy

36500126 Stockholm DAGENS NYHETER in Swedish
7 Jun 88 p 2

[Commentary by Maria Botlien: "Youth of 1988 Faithful but Politically Uninvolved"]

[Text] No revolution and no free sex for the young people of today. The pendulum is returning. A series of articles in the AFTONBLADET state that young Swedish people are back to "Go." Together with SIFO (the Swedish Institute of Public Opinion Research), the newspaper has taken the pulse of the young Swedes of 1988.

A certain disappointment can be discerned in the statement. The fact that the young people of today do not act as though it were 1968 or 1978 is not strange and it does not mean that progress is reversed.

Of those questioned in the SIFO poll, 53 percent feel that to be unfaithful to one's partner is such a great treachery that it actually cannot be forgiven. All of 66 percent believe that getting married and living with the same person all through life is a good basis for a happy life. To be sure, it is a far cry from the time when women burned their bras on bonfires and started to take birth-control pills, when free relationships were in. On the other hand, the almost virtuous values of the young people of today are far from incomprehensible.

The explanation for the reversal that comes quickest to mind is HIV infection. Irregular relations involve risks that are too great.

Another reason may be that those who are young now have, themselves, suffered from being children of divorce and, therefore, are very anxious to keep the family together. A third reason may be that the young people have found that free sexuality is overrated.

"You have your freedom and I have mine," may sound simple, but the motto is not so easy to follow in reality without someone getting hurt. It is difficult to keep the involvement in various outside relations on a "just right" level. A lot of jealousy was probably repressed or turned inward during the 1970's, when the main thing was not to seem "reactionary."

Consequently, it is unfair to describe today's young people as dull and decent, rather they are mature and responsible. The fact that two-thirds take exception to the notion that it is primarily the mother who should take care of the children while they are small, also demonstrates that we have moved away from "Go."

If there is a cause for concern, it is the young people's lack of interest in politics. Many are active in clubs, but few are active politically. Between 1980 and 1986, the number of participants in political youth organizations under the age of 25 decreased by almost 40 percent. It does not promise well for finding new recruits and it threatens to weaken the democracy.

A democratic society cannot, once and for all, be taken for granted. Each generation must be won over to democracy. That is why it is of concern that extra-parliamentary activities such as hugging trees and climbing chimneys are increasing in popularity, while party-political activities are viewed as dull or even worthy of contempt.

The young people of the sixties do not stand out as a shining example when it comes to carrying the party political work forward. Arranging demonstrations and staying up all night solving the problems of the world with your buddies was fine, but when it came to the less glamorous work with the parties, almost an entire generation of activists defected. The involvement was never more deeply rooted than that it disappeared when the red-wine fervor on the surface was scratched.

On the other hand, the fact that the young people, themselves, do not want to become involved in politics does not mean that they are distancing themselves from everything connected with politics. For instance, 87 percent feel that it is important to vote in general elections, according to a study carried out by the State Youth Council. The destruction of the environment seems to be the question that is of the most importance.

Both the destruction of the environment and other great problems of our time are global and must, therefore, to a large extent, be solved in collaboration with other countries. Perhaps that is the reason why it may seem difficult to get something done individually by joining a political party?

Or is it because the parties' long-term policies are seldom discussed? They have to take a back seat to the day-to-day questions which pop up in an unpredictable manner and which can be a matter of any little thing: what Gunnar Helen feels about Gosta Bohman, what Ebbe Carlsson and Hans Holmer are up to, or how great the deficit would have been if we had had another government at the end of the seventies.

Despite the fact that the environment is a question which greatly concerns young people, there seem to be a lot of misconceptions. Two out of three young people in

the AFTONBLADET study believe, for instance, that growth and a better environment are irreconcilable. Even all the active politicians, unfortunately, are not trying to clarify the concepts. One of the young members of the Environment Party, who participated in the televised debate last Tuesday about the concerns of young people, said for instance: "With economic growth we will run through a lot of resources and become progressively poorer."

Actually, growth occurs when we manage to produce more than before of a certain commodity or service with a given resource contribution. For instance, by using new

technology which produces less waste. The definition could also be worded that we manage to keep the level of production constant, while consuming fewer resources.

There is no proof that growth in and of itself is harmful to the environment. Could we, at least, hope that politicians are not going to make the opportunities for an important debate worse by using home-made definitions of established ideas without defining the difference?

12339

FINLAND

Illegal Arms Exports to Nepal, Ecuador Investigated

36170085a Helsinki *HELSINGIN SANOMAT*
in Finnish 4 Jun 88 p 10

[Text] At present customs officials are investigating all of Kemira's arms exports. In addition to the Bofors deal there are suspicions that the blasting caps, fuses and powder sold by the company have made their way through a West German intermediary to Ecuador and Nepal.

The investigation was reported in the Friday edition of *SUOMEN KUVALEHTI*, which based its information in part on a documentary program broadcast recently by the West German television network ZDF. According to *KUVALEHTI* it is possible that ammunition sold by Kemira was sent by way of Ecuador and Nepal to Iran, which is waging a war.

German customs statistics indicate that Kemira shipped ammunition to the West German company Fritz Werner regularly from 1979 until 1987. For example, over the eight year period 55.8 million blasting caps and fuses have been sold to West Germany.

According to German sources Kemira sold the supplies, which Fritz Werner sent on elsewhere, to West Germany on the basis of an eight-year contract. A year ago it was revealed that the German company had sold arms secretly to both Iran and Iraq.

According to *KUVALEHTI* Kemira used a West German intermediary, because an export permit could not be obtained every year for Nepal and Ecuador. By exporting the ammunition to the West German Fritz Werner for onward shipment Kemira could give West Germany as the country of destination.

In the opinion of experts, the armies of Nepal and Ecuador are so small that they themselves do not need all the ammunition that has been sold. Experts estimate that purchases from Fritz Werner would have consumed half of Ecuador's defense budget in 1982.

The investigation of Kemira's arms exports was undertaken in connection with the discovery of Bofors' arms deals in Sweden. Last December customs agents arrested several Kemira employees in connection with the arms export investigation.

Defense Minister: Neutrals Could Cooperate in Arms Making

36170078a Helsinki *HELSINGIN SANOMAT*
in Finnish 25 May 88 p 10

[Text] Finland and the other neutral countries of Europe could undertake the development of a mutual division of labor in satisfying the material needs of their armies, argues Defense Minister Ole Norrback. Norrback presented the idea on Tuesday in his speech in Kauhava.

The possible cooperation with other neutrals in producing arms would be associated with the reorganization of domestic arms production that Norrback presented and that, in his opinion, is justified.

Through this reorganization Norrback wants to increase the share of domestic arms production in procurement by the armed forces and to promote product development activity in the arms industry.

For increasing domestic content and obtaining new know-how, agreements should be made in connection with compensation arrangements for large orders to also obtain the desired knowhow, Norrback suggested. In his opinion this could readily be achieved by agreeing on the production of specified parts or subassemblies in Finland.

Industry Should Be Charted

"Likewise the production of foreign products under license in Finland is an effective and, in view of the long production runs involved, practical method of transferring knowhow and creating the foundation for later production of our own models," Norrback said.

A factor increasing the competitiveness of the arms industry would be to calculate the effectiveness of the industrial organizations engaged in Finland's defense industry.

"At this time very few enterprises have concentrated on the production of defense equipment, and its significance in the sales volume of most enterprises is small. Because of this the development of the arms industry's output and competitiveness may not have received sufficient attention on the part of these enterprises," Norrback averred.

According to him, the improved competitiveness of the arms industry would expand the capabilities of the armed forces to carry out procurement domestically and would increase foreign interest in Finnish weapons.

Their Own Output 40 Percent

This year the defense administration has at its disposal about six billion marks in appropriated funds, of which one-third may be used for procurement of materials.

Traditionally about one-third of the purchases in money terms go to the East and one-third to the West. Our own output covers about 40 percent of the need.

Finland's most important arms suppliers are the Soviet Union, Sweden, France, England and the United States. In 1985 and 1986 Finland was the largest customer of Sweden's arms industry.

According to Norrback it would not be worthwhile for Finland to invest resources in things like heavy armored equipment, interceptor fighters and fighter trainers and most missiles.

12893

Reduction of Military Areas, Districts Planned
36170085c Helsinki HELSINGIN SANOMAT
in Finnish 3 Jun 88 p 5

[Text] Threats that the Ostrobothnian Military Area and Kokkola Military District operating in Vaasa will be terminated are worrying people in Ostrobothnia.

There are intentions to terminate two of the seven military areas, and out of the 23 military districts 15-17 will remain. The smallest military district in Ostrobothnia is Kokkola.

The commander of the military area, Major General Pertti Jaakkola indicated that the Vaasa garrison, armories and medical depots, as well as other contingents would be retained. The merging of the small Ostrobothnian Military Area and the Kokkola Military District is possible, however, because of the shortage of trained and technical personnel.

12893

SWEDEN

Armed Forces Prepare for New Season of Submarine Intrusions

Effective ASW Weapon Lacking
36500122 Stockholm DAGENS NYHETER in Swedish
15 May 88 p 18

[Article by Anders Ohman: "The Navy and the Mystery Under the Sea. Sub-Hunt Season Starts"; first paragraph is DAGENS NYHETER introduction]

[Text] The Navy's prospects for putting a stop to submarines in Swedish waters are slim. It is very difficult to find the subs within the archipelago and the Navy lacks an effective anti-submarine weapon (ASW) for shallow waters. The 500 million that the parliament recently decided to invest in the submarine defense, in addition to a new mine-sweeper, will not show results until the beginning of the 1990's.

A new sub-hunt season has begun following a mild and ice-free winter. The Coastal Fleet, the sea-going ships of the Navy, has put to sea in order to train new crews. Its most important mission is to stop the foreign submarines.

Supreme Commander of the Armed Forces Bengt Gustafsson, the Navy chief, Bengt Schuback, and Navy personnel expect a foreign power to carry out several submarine operations against the 1,700 mile-long Swedish coast. Hundreds of observations of submarine periscopes and mysterious underwater movements will be reported by the general public. The Navy will receive technical indications on both its movable and stationary systems. The pattern from previous submarine seasons will be repeated.

The Navy's prospects for stopping the intruding submarines are very slim. Beside the fact that it is very difficult to find the subs within the crowded, shallow archipelago, the Navy lacks an effective ASW for shallow waters. The extra 500 million kronor which were recently invested in the submarine defense, in addition to a new mine-sweeper costing 200 million kronor, will not give results until the beginning of the 1990's.

"Sub Paranoia"

Eight years of submarine hunts which have not forced any intruding submarines to the surface have increased the general public's distrust of the Navy's ability. The sceptics talk of "sub paranoia" and the supporters of defense make angry fists behind their backs. Outdoor life in the Stockholm archipelago will be limited this summer, increasing the anger, since there are no visible results. Navy personnel feel betrayed by the general public and by the politicians. "Frustrating," according to the pessimists.

"We'll never give up. With a little bit of luck we'll catch a sub—even if we have to ram it," say the optimists. The ship's commanders in the Coastal Fleet have standing orders to ram a foreign submarine in order to stop it.

Sweden, which is the largest shore-owner in the Baltic, lacks the resources for fully guarding its territorial waters. The current conditions are somewhat improved, however, compared to the situation in 1981, when the Soviet submarine U-137 ran aground outside Karlskrona.

Lack of Equipment

An anti-submarine defense force is being developed. The coastal corvettes, the "Stockholm" and the "Malmo," are in service and another four corvettes of the "Goteborg" type will be built in Karlskrona. The heavy-duty helicopters have had their engines and rotor gears replaced, so they can remain in the air longer, listening for submarines. A sub-hunting aircraft can watch the sea.

Four minesweepers are in service. Stationary surveillance systems have been expanded, as have magnetic coils on the sea-floor. The protection of sensitive defense objects has been reinforced.

There are deficiencies in the equipment. The patrol boats have had to borrow hydrophones from the helicopters. The aircraft is lacking in important equipment.

The weakest link in the submarine defense system is the weapons. Depth charges are best suited for the deep waters outside the archipelago, they have poor or no effect in shallow waters. This year, the Navy will get a 40 cm homing torpedo for use in the open sea, a smaller homing torpedo for shallow waters is not ready yet. The much discussed anti-submarine grenade, "Elma," which is launched in clusters, has to hit the submarine in order to have any effect. To hit something that is only visible every now and then, and is impossible to keep in sight—there is the Navy's submarine problem in a nutshell.

Frustrating

The military authorities' insight into the submarine threat has increased steadily during eight years of frustrating submarine hunts. The Supreme Commander and the Navy know a lot about how the foreign power is violating the coasts of Sweden. That knowledge is perhaps the Navy's best weapon today. Tactics—how the submarines are to be confronted—also constitute the most secret part of the Supreme Commander's planning.

The intruder's submarine operations against Sweden consist of two phases. In the first phase the submarine leaves its home port somewhere in the Baltic Sea and cautiously approaches the Swedish territorial limits, twelve nautical miles from the coast. This is where the risk for discovery is the greatest. Swedish submarines with listening hydrophones are lurking beneath the surface. There are coastal corvettes, aircraft and helicopters above the surface. The intruding submarines must enter an unguarded area. The submarine defense force tries to surprise the intruder by not revealing its position. A cat-and-mouse game outside the coast.

Warning Shots

If the Navy discovers the foreign submarine within Swedish territorial waters, it must be warned. This may be done by means of shots. If the submarine does not heed the warning, depth charges may be used. In practice, a foreign submarine often chooses to leave the territorial waters when it is discovered. The alternative is to interfere with the Navy's active hydrophones so that the echo disappears. The submarine can also settle on the sea-floor.

If the intruding submarine manages to reach the coast or enter the archipelago without being discovered, the next phase of the submarine operation begins. It can last up to three weeks, and the sub spends the entire time in Swedish waters.

"Dead Reckoning"

One type of foreign submarine is estimated to have a hull-length of about 30 meters and a displacement of 150-200 metric tons. Such a submarine is about half the size of a World War II submarine. The sub carries an underwater craft intended for divers who are to carry out espionage and sabotage missions. The large "mother submarine" acts as a base station for the crew. The submarine penetrates deeply into the Swedish archipelago and remains inactive on the sea-floor.

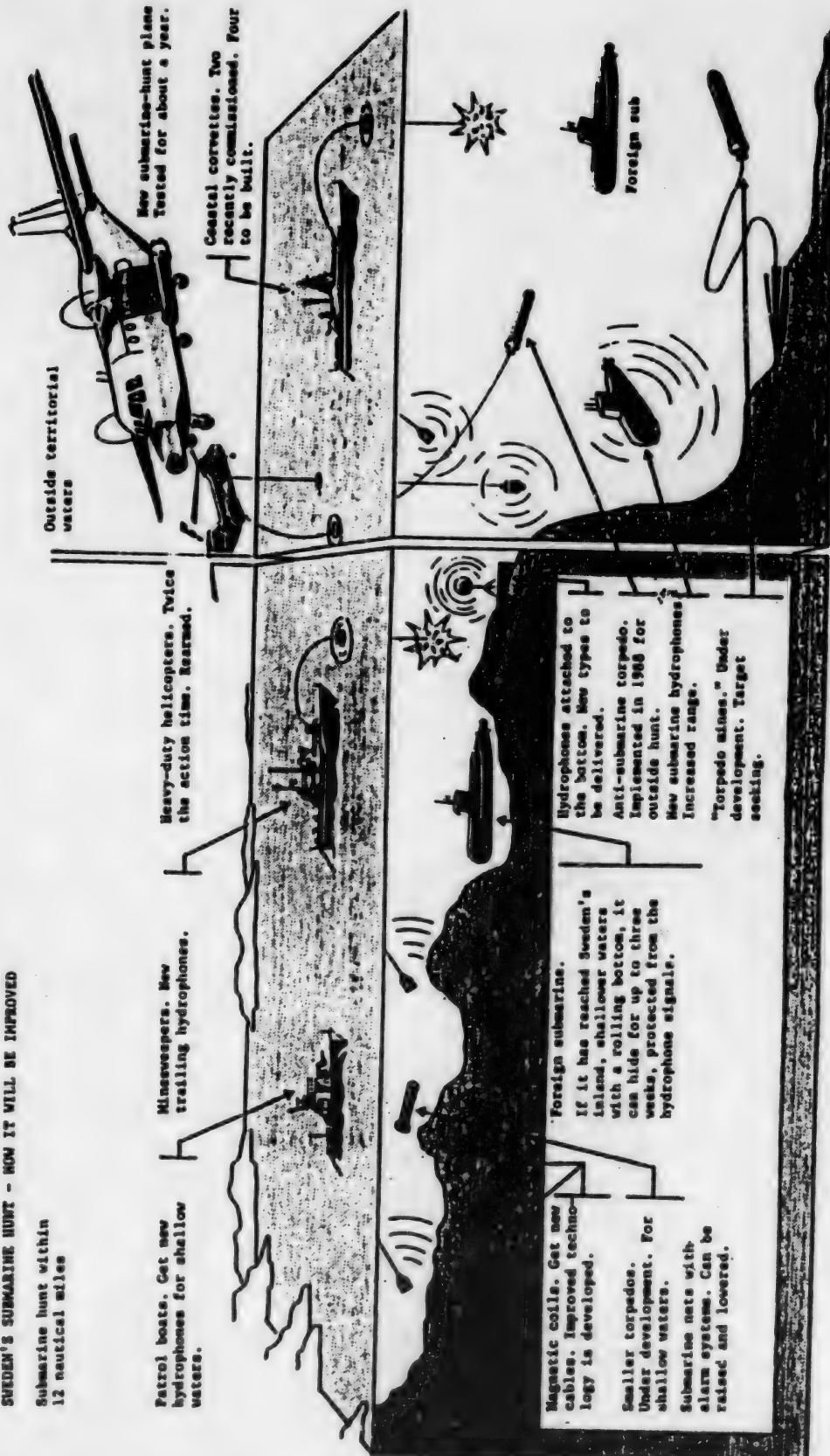
According to naval experts, the foreign submarine is cleverly navigated through the archipelago. The submarine crew uses traditional and reliable nautical methods such as "dead reckoning" and can also check on its position by means of optical observations and active sonar.

It is easy to take a bearing on stationary objects on shore using a light-sensitized periscope for night-vision. The Navigation Department's lighthouses, buoys and other navigational aids show the way the whole year round.

The periscope and conning tower observations that have been reported over the years are thought to be submarines checking on their position. In all likelihood the foreign power is very knowledgeable about the sea-floor in the Swedish archipelago. Observations through the years point to the fact that the intruding submarines choose the same passage through the shallow archipelago. These "submarine passages" sometimes coincide with the direction of older, discontinued pilot runs, from Huvudskar and Svenska Hogarna in the Stockholm archipelago, for instance.

SWEDEN'S SUBMARINE HUNT - HOW IT WILL BE IMPROVED

Submarine hunt within
12 nautical miles



Deep Trenches

The Navy has initiated a long-term, time-consuming cooperation with the Navigation Department in order to get a detailed map of the sea-floor in the archipelago. There are hitherto unknown deep trenches and other hiding places where foreign submarines can remain for a long time without being discovered.

Prime Minister Ingvar Carlsson's threat that "blood might flow" applies primarily to any foreign submarine that is discovered in Swedish inland waters. There the Navy is allowed to use weapons without previous warning. This could be a patrol boat division or a mine-sweeper launching depth charges or anti-sub grenades.

Such a perfect situation is not likely to occur during this sub-hunt season. If someone spots a submarine periscope or an armed boat a helicopter must arrive within 30 minutes, pin-point the submarine's position and then fire weapons, whose effect in shallow waters is very small.

"It is similar to filling a bathtub with water, dropping in a pin, turning out the light, pulling the plug and then trying to find the pin," says an experienced submarine hunter.

Stockholm Archipelago Security Measures

36500122 Stockholm DAGENS NYHETER in Swedish
19 May 88 p 6

[Article by Anders Ohman: "Submarine Defense Strengthened Despite Protests. Outdoor Life Will Suffer."]

[Text] The security in the Stockholm archipelago will be increased this summer as a defense against intruding foreign submarines. Strategic approaches, channels and passages will be secured with submarine nets, TV-surveillance, sea-floor microphones and other advanced technological equipment.

The strengthening of the submarine defense in the archipelago has the most impact locally on outdoor life. In some 15 places from Arholma to Landsort, dropping anchor, fishing and diving are prohibited. On the eve of this outdoor season, the military authorities have extended the prohibition in three places and have added three new prohibited areas. Angry protests have been heard from affected groups, fishermen among them.

The chief of the eastern military district is responsible for the latest prohibitions and the strengthening of the submarine defense. This military authority has the operative responsibility for military action in connection with submarine incidents within the archipelago and along the coast.

"Necessary"

"Unfortunately, these measures are necessary. We cannot allow anchors and fish-hooks to get caught in the cables that have been placed on the sea-floor. The damage will be very costly," says Col Per Lundbeck, leader of operations.

The military authorities requested additional prohibited areas from the County Government Board last winter. Apart from expansions in some areas, they also required that all fishing and diving be prohibited within six areas.

The intention is to protect mine-fields and signal-gathering equipment which are already in place. The protection of the Musko-base in the southern archipelago of Stockholm is especially important.

Angry Criticism

The protests were not long in coming. The most acid wording came from Bo Hammar, representative for the Left-Wing Communist Party, who asked the defense minister, Roine Carlsson, whether the world's most beautiful archipelago should be allowed to become "a battlefield for military exercises and dubious installations."

Other critics have been the Navigation Department, sport fishermen, and the supporters of the archipelago. The military requests for a fishing ban at Galo, south of Dalaro, in waters rich in fish, roused many angry voices. The city of Stockholm owns several vacation homes in the area, and it is often visited by sport fishermen, especially the waters around the island of Vettskar.

The County Government Board met the critics halfway on some points. This summer, fishing from the shore will be permitted at Galo. In some places the boundaries of the restricted areas were changed. Certain kinds of tackle, permanently anchored on the sea-floor, may also be exempt.

In anticipation of the first major boating holiday of the year, here is the DAGENS NYHETER report on the actual prohibited areas in the archipelago by townships from Arholma in the north to Landsort in the south (see map):

**DON'T DROP ANCHOR HERE
IN THE STOCKHOLM ARCHIPELAGO**

Anchoring, fishing and diving are prohibited in the following locations in the Stockholm archipelago. Property owners can drop anchor up to 50 meters from the shore within the areas. In the southern archipelago, around the Harsfjard and the naval base at Musko, the rules are stricter. There admittance is prohibited and navigational barriers block strategic channels.



The township of Norrtälje: Singo, Arholma-Björko, Ido-Tyfo, the Söderarm channel, Uddjupet.

The township of Varmdö: Nord Skarp-Runmaro, Syd Skarp-Runmaro, the Sandhamn channel, Öxdjupet (also the township of Vaxholm).

The township of Haninge: Vettskar, Öxno huvud, Örnö-Uto, Stora Björn, Harsfjärden, syd Galon, Norra Mysingsfjärden.

The township of Nynäshamn: Toro, Orudde, Malsten.

Within the Harsfjärd and the townships of Haninge and Nynäshamn, there is a navigational barrier and there is no access within 25 meters on either side of the barrier.

No Anchoring

At Mysingen dropping anchor and fishing is prohibited within an area of 500 meters on either side of the center line of a torpedo launching range at Langnabbauden on the south part of Musko.

Dropping anchor is prohibited in the areas around Vallboskar and Skallen in the township of Haninge and around Rassa Vikar in the township of Nynäshamn.

Anchoring is also prohibited in certain areas in Stockholm. Within the following areas dropping or dragging an anchor is prohibited: the Hammarby channel from the Danvik canal to Skanstull, both sides of the Liljeholm bridge, the Nockeby channel, the Nockeby bridge, the Traneberg channel, the Traneberg bridge, Klara Sea, the Barnhus inlet, the Karlberg sea, the Karlberg canal, the Riddarfjärd east of the railroad bridge, the Ladugårdsland inlet between Skeppsholmen and south Djurgården, as well as Lilla Värtan at the Lidingsö bridge. The harbor master can give temporary permission to drop anchor.

12339

Submarine Observer Corps To Be Expanded

36500137p Stockholm DAGENS NYHETER in Swedish
6 Jul 88 p 6

[Text] A nucleus detachment of specially trained submarine observers is about to be expanded to serve up along the entire stretch of Sweden's coast. The trial in Norrbotten, conducted with a Naval Home Guard unit, has proved to be a good move, and the ideas gained from the unit's experiences are now about to be rapidly disseminated to all defense regions in the country. Interest in participating in training has been very great, and, following training and exercises, this special force became operational in the spring of last year.

Concern in Parliament About Suspected Spying by Polish Truckers

3650001196 Stockholm DAGENS NYHETER in Swedish
26 May 88 p 12

[Text] Has the defense minister heeded Parliament's statement regarding a tightening of the measures against illegal intelligence activity?

This is what Liberal Gudrun Norberg wonders in a Parliamentary question. The reason is an incident which took place when the Navy demonstrated an advanced helicopter, specially built for antisubmarine warfare.

According to information in the mass media, a Polish truck is said to have entered the training area. The driver refused to state why he was there and what he had under the tarpaulins of the truck.

"The Swedish police still did not appear to have any capability of intervening or checking, despite the fact that in December last year Parliament urged the government to tighten the measures against illegal intelligence activity," Gudrun Norberg writes.

11949

Parliament Discusses Committee Report on Arms Exports

SDP Accused of 'Hypocrisy'

36500125 Stockholm DAGENS NYHETER in Swedish
3 Jun 88 p 12

[Article by Dick Ljungberg]

[Text] There was a lot of talk about double standards and hypocrisy on Thursday as Parliament debated the Constitutional Committee's report on its investigation of the many arms deals. Everyone agreed that the committee must go further with its investigation after the election.

According to the committee, there is no evidence that anyone in the successive Swedish governments knew about the illegal arms deals. But those governments were not sufficiently attentive to the shortcomings in the War Materiel Inspectorate's handling of its verification work.

The toughest criticism came, naturally, from the committee's deputy chairman, Anders Björck (Conservative Party):

Prize for Hypocrisy

"The gold medal for hypocrisy goes to the Social Democrats. They tried to sit on two chairs at once. The party leadership realized that arms sales were necessary and

good for employment. So they sold," said the Conservative. "The problem was that a large segment of the party was opposed to arms sales. That is why the technique of keeping things out of sight and throwing the blame on others was used."

Bjorck chose to award the silver medal for hypocrisy to Minister of Foreign Affairs Sten Andersson, who promised in his May Day speech last year that the dirty laundry in connection with arms sales would be washed thoroughly and publicly.

Scrutiny

"Sten Andersson was playing the hypocrite when he stood at the rostrum, because he if anyone should have known that by his own interpretation, secrecy in connection with foreign affairs would place obstacles in the way of official scrutiny. But he was trying to score points in his May Day speech."

Bjorck dwelt at length on the efforts by Olof Palme and the latter's government to ensure that India would buy field howitzers from Bofors.

Report

"During the entire time that the deal was underway, Palme was making speeches about peace, demanding disarmament, and flirting eagerly with the peace movements. But then when the debate got started, the Social Democrats suddenly refused to acknowledge their own efforts," the Conservative said.

Birgit Friggebo (Liberal Party) recommended that the Swedish people read the citizens commission's enthralling report on the arms deals. She said that during the investigation, she had become increasingly convinced that no cabinet member knew about the illegal arms deals. She felt that the reason the bubble had not burst earlier might be that in this area, as in other organizations, special attitudes had developed.

Exemptions

Friggebo felt that the Swedish people might consider it hypocrisy that although Swedish arms exports are in fact banned, there are constant exemptions. Like the citizens commission, the Liberal Party wants legislation laying down the guidelines on exports.

"I believe the Swedish people are demanding that there be closer correspondence between words and rules and what they see in practice. And I feel that that is true regardless of whether one is for or against arms exports," she said.

Like Friggebo, the Center Party's Bertil Fiskesjo brought up the controversial cooperation agreement with India in connection with the big gun deal. That agreement ignores the guidelines on arms exports.

India

"India, which has experienced a number of internal and external conflicts, is a doubtful candidate for receiving Swedish weapons. And because of the special agreements, the gun deliveries cannot be stopped if that country gets involved in another conflict," said Fiskesjo. "It is highly unsatisfactory and not particularly flattering to us in Parliament that we have permitted such legislation."

The veteran VPK [Left Party-Communists] member of the committee, Nils Berndtson, who is completing his final term in Parliament, did not think people should be too sure that no cabinet minister knew about the arms deals, saying that the truth would eventually come out.

Remarkable

"The remarkable thing about these deals is that even though Swedish weapons are in a number of countries that they should not be in, no one has done anything wrong," he said. "The arms industry's representatives portray themselves as high-minded, law-abiding citizens, while cabinet ministers and people in authority are protesting their own innocence."

Committee Chairman Olle Svensson (Social Democrat) felt that there was some discrepancy between Anders Bjorck's rhetoric and his behavior on the committee, since there were not all that many Conservative reservations.

Paper Comments on Debate

36500125 Stockholm DAGENS NYHETER in Swedish
3 Jun 88 p 2

[Editorial: "Day of Reckoning"]

[Text] On Thursday Parliament met to place constitutional responsibility for errors committed in connection with the arms deals, the Palme investigation, and the Bergling scandal. Ten or so MP's were listening to the discussion in the chamber. The press gallery was empty. After all the rhetoric about political responsibility and after all the hearings, disclosures, and reports, it was undeniably something of an anticlimax. One wonders what purpose was served by the commission of jurists, the parliamentary commission, and the citizens commission.

The Constitutional Committee (KU) and Parliament are critical of the government on a number of points. The impression that "more vigorous measures" should have been adopted on the basis of information about illegal arms exports grew stronger during the year's investigation, it is said. Minister of Justice Sten Wickbom should have reminded Hans Holmer of what the Code of Procedure says about the conduct of preliminary investigations, says Parliament, agreeing on that point with

the Edenman Commission. Moreover, it "would have been natural for the government to have been informed of the arrangements made for supervising Bergling."

Harsher judgments are found in the dissenting opinions, but it is notable that the only criticism the three nonsocialist parties were able to agree on concerned trifling matters. Other than that, there was no united opposition.

That's how it goes when Parliament holds an inquisition!

In SVENSKA DAGBLADET on 26 May, Gustaf Petren, justice of the Supreme Administrative Court, wrote: "The government's responsibility is never examined in a serious context. A constitutional court would seem to be needed here. It would have been able to examine the question of whether the government's conduct during the first year of the assassination investigation...was constitutionally correct. It would also have been able to examine the question of whether, from the constitutional standpoint, the government had correctly used its power to grant exemptions in the case of arms exports."

Petren maintains that under the current system, the government can quickly put commission reports aside. After a short period of attention by the mass media, nothing is done.

Petren is in fact arguing in favor of reviving the court of impeachment, which played a role in the time of Karl XIV Johan and Oscar I, rather than establishing a constitutional court, since neither the Code of Procedure nor the Arms Export Act is a basic law. He wants to make it possible for cabinet ministers to be held accountable for any "unlawful acts they may commit."

That certainly agrees with a widespread popular conception of how real accountability should be handled. Anyone who commits a fault in office should not have the privilege of being "judged" by his party colleagues in Parliament! And in fact, it is possible under the 1974 Constitution Act to prosecute cabinet ministers before the Supreme Court if they seriously neglect their official duties. But prosecution can be ordered only by the KU, and that has never happened.

Legal accountability was regarded as a rusty blunderbuss even in the 19th century. A cabinet minister must enjoy great political and civic credibility in order to do his job. It must be possible to remove a minister when he or she lacks that credibility even if no indictable breach of duty can be proven. In democratic and parliamentary countries, political accountability, therefore, takes precedence over legal accountability.

The legal aspect of government decisions is not always the crucial point. If necessary, a government must deviate from the legal rules—as happened, for example, in

connection with the airplane hijacking in 1972 and the tragedy in Norrmalm Square in 1973. Whether it is right or wrong in doing so must be decided in the end by the citizens, not a court of law.

Political accountability is a continuous process of which the decision based on a report by the KU is not even a formal culmination. The KU is now investigating events dating back several years when there is reason to do so, and Thursday's debate was concerned partly with the latest revelation from the Palme Commission, about which the KU report says nothing. Anna-Greta Leijon is being immediately brought to task because she was injudicious enough to authorize a private assassination investigation under the auspices of someone who had previously worked with her and Hans Holmer. (It is remembered that she became minister of justice because of her finely tuned political instincts; as is known, she lacks any other qualifications for the job.)

The KU is irritatingly cautious in its statements about the mistakes and errors that have been committed. This is seen most clearly if it is compared to the Edenman Commission and especially the Rydbeck Commission. But the KU is following the rules more closely and showing more independence now than it used to, and the public hearings made the investigation more interesting and more understandable.

We must admit, somewhat reluctantly, that one person who has helped make the KU more active is its deputy chairman, Anders Bjorck (Conservative Party). For that he deserves credit! Parliament needs not only people who distinguish themselves by their sound judgment but also a few with a fighting spirit.

11798

Army Commanders Dubious Regarding Reorganization Plan, Cuts

Gap Between Promises. Funding
36500121 Stockholm SVENSKA DAGBLADET
in Swedish 10 May 88 p 3

[Guest commentary by Kim Akerman, chief of information section of the Army Staff]

[Text] It must be considered remarkable when member of parliament Bjorn Korlof criticizes the army chief for following the directives of parliament and of the government. It is even more serious when the text indicates that said member of parliament has not understood the impact report submitted by the army chief.

The directives contained in Defense Study 88 (FU 88) contain many important fundamental values. From a political standpoint, however, two of these have been guiding principles more than any others. One is retaining universal conscription and the other is the level of spending.

Universal conscription means the requirement that all young men be given enough military training to be able to participate in the defense of our country.

Widening Gap

The statement that the level of financing indicated in the parliamentary resolution and governmental directive is "rough" or "loosely indicated" is not borne out by signals that have been given by the defense minister. On the contrary, on several occasions the defense minister has indicated that giving the military more money is out of the question. The fact that the army chief points out the consequences of this is his duty, but it is also a matter of course.

It is obvious that the operational demands placed on the military are a starting point in this matter. After all, we have a defense system in order to support Swedish security policy and, consequently, the military should be shaped by the operational demands placed on it. It is easy to see that the political directives with regard to the assignments the military must carry out have not changed significantly in recent years. The requirements placed on the military are quite stringent and specific. For this reason, it would be good to the support of the politicians for our activities.

What is not so good is that there seems to be a widening gap between what the political leadership says and what it does. This has occurred since the defense resolution of 1972. While the goals of the military have remained relatively unchanged since 1972, its funding has been reduced by about 70 billion kronor.

Obviously, this has certain consequences. With each defense resolution since 1972 the supreme commander, with more and more emphasis, has pointed out the consequences of this eroding support. Apparently, the political leadership has failed to understand the significance of this.

Least Bad

Thus, it is somewhat shocking when the politicians react against the results to date of the armed forces study. The situation is precisely as serious as it is described. This is not something that has happened now, but the result of many years of political decisions in which the difference between tasks and resources has gradually grown out of controllable proportions.

If the military is to be criticized for anything, it should be because for a long time—too long—we have been loyal and tried to follow the politicians' guidelines instead of shouting out loud. The unfortunate result is the situation in which we find ourselves today.

There is now no doubt whatsoever that there will be widespread consequences. There will be major reductions when it comes to the number of personnel, training

conditions and the number of training sites during times of peace, and in the basic organization of the Army. The number of brigades is being reduced sharply and many regiments must be phased out.

Both the supreme commander and the army chief agree that an army based on the level of financing available is incapable of fulfilling its operational requirements. The army chief pointed this out clearly both in November and in March. Following the government's directive, we are now delineating the risks this entails and trying to find the best (read: "least bad") solution possible.

For the army chief it is important that in the army of the future each unit will have a chance to carry out its "own assignment." This means that the organization, training, materiel, etc., must be adapted to the needs of each unit.

This is the foundation for confidence in and respect for our military units.

The latest impact statement by the army chief describes how to have the best possible effect with the amount of money that has been allocated. In order to achieve the desired quality within this economic framework, we must recommend a shorter training period for many recruits. This has raised the question as to whether the army has abandoned the concept of universal conscription. Until the politicians further define what they mean by universal conscription, over and above the fact that all recruits shall undergo some training, the answer is no.

Of course, it is obvious that the army chief would like to give all his recruits longer and better training. But we cannot afford this within the financial framework that has been set for us, unless we are to erode the future effectiveness of the brigades.

It must be stated forcefully and repeated:

There is no solution for meeting the operational requirements at today's level of funding. The risks will increase in the future and confidence in our will and our ability to defend ourselves will decline.

This is what the debate should deal with to a greater extent. Of course, there must be a political and popular mustering of strength. We must place the military into its security policy context. We must consider the situation in the world around us.

What would major reductions in the Swedish Army mean to the situation in Finland, Norway and Denmark? How would the "Nordic balance" be changed? How will this effect Sweden's security in the long term? These questions are missing in the debate today.

Replacing these questions with questions about details in the army chief's report and criticizing him for following directives that have been given him is truly to distort the debate.

Which politicians are prepared to take the initiative and begin a real debate over the future goals and needs of our military?

Army Chief's Actions Defended
36500121 Stockholm SVENSKA DAGBLADET
in Swedish 10 May 88 p 3

[Article by Lt Gen Carl Bjoreman, military commander of the Southern Military Command: "Army's Crisis Is the Politicians' Responsibility"]

[Text] Member of parliament Bjorn Korlof wrote an article highly critical of the army chief (SVENSKA DAGBLADET, 21 Apr 88).

The criticism against the extremely short (10 weeks) training period the so-called protective forces would receive is fully justified.

The idea that 10 weeks is enough time to train platoons that could successfully fight against specially-trained sabotage groups and elite soldiers should be rejected, rather than supported. It is even more important, however, that we not hide the negative effects on universal conscription and its functions that will inexorably follow if the proposal is approved.

When Korlof writes that the army chief's proposal "will have such an effect on the military's support for our security policy and for our popular defense that all the warning signals should be sounding," he is interpreting quite accurately the reaction of a majority of the professional officers and soldiers, of many volunteers, and of many people who are interested in defense matters in some, but not all, political parties.

Fault of Others

But the debate is distorted unless we examine the factors behind this decision. FU 88 (the military study led by the supreme commander) indicates, according to the final version and outline of the program plan, that experiments with short training periods for protective troops should begin as early as 1 July 1989, i.e., in just over 1 year. In itself, it is understandable that planners for the central military leadership would like to begin saving money as soon as possible, in the area of training, for example.

But it would be most unfortunate if the supreme commander and the army chief would now support their proposal. That would be seen as an attempt to implement on the sly one of the most hotly debated points in FU 88. It could also be seen as an attempt by the highest military leaders to beat the politicians to the punch in a situation where the military expertise should instead point out, before the deliberations by parliament, the negative aspects that politician Bjorn Korlof stresses in his article.

It is not fair to blame the army chief for poor methodology used in the study. Basically, the fact that he has fallen into a procedural maelstrom, which he is unable to control, is the fault of others.

It is primarily the politicians who are responsible for the current state of affairs. Hans von Hofsten's harsh criticism (SVENSKA DAGBLADET, 5 May) is directed mostly at a lack of resolve among the politicians. They will probably reject that criticism—with indignation.

But how was the situation handled? Politicians experienced in defense matters should have understood that they had given the supreme commander and the army chief an impossible task. They should have understood, for example, that the high operational goal set forth in the Defense Resolution of 1987 (FB 87) could not be achieved within the economic framework assumed in the defense study.

According to the operational principles in FB 87, two alternate possibilities—with extensive and differing demands on military units—would be available. Korlof describes these two alternatives in the following manner:

"An effort will be made at the coast and borders to prevent the aggressor from gaining a foothold on Swedish soil. If, nonetheless, the aggressor succeeds in entering the country, then a tenacious and persistent territorial defense over the entire country will be implemented."

Operational Requirements

The army chief has been able to choose freely within this broad framework. Twice (20 Nov 87 and 10 Mar 88) he presented similar proposals that could possibly carry out the first of the two assignments (prevent a "firm foothold"), but not both. Then, in mid-April 1988, the supreme commander issued a more detailed version of the operational requirements. Now the supreme commander is sending out a new army structure for examination. It is in accordance with the new operational guidelines and, unlike the army chief's earlier proposal, it is best suited to a prolonged territorial defense of the entire country. It does not provide the possibility of forcefully encountering, stopping, and defeating an aggressor at the coastline, in close cooperation with the Navy and Air Force. Thus, it too fails to fulfill the well-founded security requirement of managing both operational requirements, which would increase the uncertainty of a possible aggressor.

There is now little time left to examine:

Which operational principle should be chosen within the economic framework allowed by the study in order to obtain the least possible negative effects from a security standpoint;

What additional funding would be absolutely necessary to maintain the operational principle that our security actually demands, namely that we actually have the two possibilities indicated in FB 87.

The operational principles deal with where, when, and how we should actually conduct battle if a war breaks out. There is a need to determine the qualitative and quantitative requirements that should be placed on our units. These operational requirements are of central importance when it comes to developing a military or an army structure. Thus, it is not only a crisis for the army, it is a crisis for the entire military. The politicians cannot solve this crisis by "punishing" the army chief for making miscalculations. What we need—in the interests of our security and of our country—is much more active and positive steps on their part.

There are, however, requirements other than operational ones that must be met—primarily strategic requirements. The proper importance is not often attributed to them. The influential politician on defense matters Hans Lindblad said in an interview in the publication NU (7 Apr) that he has a "crude approach toward strategy." This seems to mean that he prefers not to think about it.

Strategy is based on the ability of the big powers and of us to act. It should provide us with the greatest possible ability to conduct operations and to prevent an attack.

Unlike what is sometimes assumed, it gives us a foundation for very specific decisions, such as where units will be located and how they will be distributed throughout the country, as well as their availability, i.e., their preparedness in the broadest sense of the word.

In both these regards, the material on which FU 88 is based should be examined. There is reason to question its proposed distribution of units between northern and southern Sweden.

In addition, the chances of creating a more effective military (at a time when our military policy has changed and has become permanently worse than our policy of today) are even worse than they were after the notorious Defense Resolution of 1925. At that time, a basic organization was retained that had the capacity to develop, which turned out to be invaluable 10 or 15 years later.

On this background, the crux of the issue is not the partial proposals made by the army chief in November 1987 and March 1988 and whether or not these proposals distorted the debate.

The point is that, before the government reaches a decision on the structure of the army (whether this happens in 1989 or 1990), we must have much better operational and strategic planning than we have now, i.e., halfway between FB 87 and the scheduled resolution of 1989.

Otherwise, there will be no tenable resolution.

Paper Supports Chief's Reorganization

36500121 Stockholm DAGENS NYHETER in Swedish
25 May 88 p 2

[Editorial: "A Reduced and Better Army"]

[Text] "Personally, I do not think it is a proposal worth discussing," Roine Carlsson recently said of the army chief's request for differentiated periods of military service. The defense minister's statement has not aroused the attention it deserves because it was made in the letters to the editor of the newspaper OSTRASMA-LAND.

Still, until further notice, it must be considered to be the government's position. In the past, this statement was made only by individual Social Democratic members of parliament, as well as by Carl Bildt and other Conservatives. The supreme commander, who clearly understood which way the wind was blowing, personally called for a training period of at least 5 months, compared to a proposal by the army chief in which the shortest training period for recruits would be only 10 weeks.

It was the supreme commander who determined the conditions for the army chief's study and convinced a previously reluctant army staff to propose a fundamental restructuring, in which quality would be given priority over quantity. The Army, which has long had a far too extensive organization, should be modernized in order to measure up better to a possible attacker. Since the level of financing was established in the most recent defense resolution, drastic steps must be taken to produce the funds that will be required for new materiel and better training.

As a result, the number of brigades must be reduced and some of the recruits must be given shorter periods of training. These recruits would serve in local defense forces with the task of protecting every airport and crossroads. The army chief has determined that this task could be accomplished with 10 weeks of training. On the other hand, he is critical of the idea that there would be no more than 15 brigades at a time when the operational plans would require 20 brigades. Even though the army chief seems to have done his best to restructure the army organization, there still seems to be insufficient funds. This would be a good reason to request more money.

But within the organization there has been little support for the army chief's efforts. Unit chiefs throughout the country have written articles for small town newspapers in an attempt to mobilize the people to support their local regiment, which could otherwise be phased out. This "colonels' revolt" has been sharply criticized by seven older officers who, in a recent publication entitled "Questions Concerning the Army's Choice of Direction"

(published by the Academy of Military Sciences), questioned the army chief's desire to change the relationship between quantity and quality. This, they say, would erode the territorial defense system.

Basically, what these officers have in mind is a tenacious defense within the country. To be sure, this would not prevent an aggressor from gaining entry into the country, but could make it a waste of time to occupy the entire territory. According to them, 20 brigades could be maintained at the present level of funding, while keeping today's training periods for recruits. The army chief has announced that, on the contrary, this would require an additional 1 billion kronor per year, even without meeting the necessary requirements on quality.

Among the politicians, only Bengt Westerberg and other Liberal Party members have given their support to the army chief. Last Tuesday when Westerberg spoke at the Military Institute, he carefully refrained from mentioning an exact number of brigades. He stressed, however, that maintaining the present number of brigades, even with the level of quality that the army chief considers to be the lowest that could be accepted, would require additional resources of 15-20 billion kronor from 1992 to 1997. This is considerably more than any party could possibly be willing to allocate. On the other hand, with the restructuring proposed by the army chief and without additional outside funds, the amount spent on materiel could be doubled, from about 2-4 billion kronor per year, Westerberg said.

Support from one party, moreover a party in opposition, is not enough to implement a plan so far-reaching as that of the army chief. One might well ask how the Social Democrats, as one of the parties that supported last year's defense agreement, believe that the Army can accomplish the tasks set for it. After all, in reality the defense minister has ruled out both additional funding from outside the Army and any internal restructuring that could free up money, although there is no third way in this instance.

What remains most resembles a colossus on feet of clay. This should concern the supreme commander, who has initiated an extensive study process but is unable to control its direction.

09336

Bofors Expecting Great Foreign Interest in Bill Missile

36500119a Stockholm DAGENS NYHETER in Swedish
27 May 88 p 6

[Article by Anders Ohman: "Bofors Expects Major Orders for New Missile"]

[Text] Borensberg—A new Swedish antitank missile, Bill, which knocks out an enemy tank from above by blowing up the turret, was shown Thursday to interested

military people from all over the world. It was a well-directed performance in the Ostergyllen region in all its early summer beauty, where about a hundred guests happily allowed themselves to be impressed by the Swedish Army, which has bought missiles for about 1.4 billion kronor.

Missile manufacturer Bofors Nobel Industries anticipates large orders of this unique Swedish antitank weapon, which is very effective even at short ranges of up to 200 meters. In the U.S., the Bill is already being tested by the military, and a decision about purchase is expected in the fall. Countries such as Brazil, Norway, Finland, Spain, Denmark, India, Switzerland and Austria were represented among the hundreds of invited guests, who, with yellow earplugs in their ears, let themselves be entertained by the missile show at the Infantry Combat School at Borensberg, northwest of Linkoping.

Supreme Commander Bengt Gustafsson spoke in English about the Swedish defense industry and Sweden's need to be able to produce weapons in order to be nonaligned in peace and neutral in war.

"Sweden has a difficult terrain for mechanized enemy units. The 'Bill' is a very good weapon for our defense," the supreme commander said, and thus began the show.

Very Rapidly

A transport aircraft flew past at low altitude and air-landed two missile sets. At the same time four paratroopers came soundlessly floating down from the clear blue sky. They guided their parachutes precisely toward the missiles. Everything went very rapidly.

The Bill missile system is made ready to fire in less than 20 seconds—in 10 seconds if the sight is mounted. The missile, which is serviced by two soldiers, can quickly be landed by paratroopers or helicopters or be deployed on armored, tracked vehicles. Such groups can be landed behind enemy lines and directly pose a serious threat to the combat vehicles.

The missile system consists of three components: gun mount, sight with tracking telescope and the missile in a container. The system weighs 28 kg. The range is 150-2,000 meters.

The probable accuracy against an enemy tank on the first shot is very high, regardless of the firing range. The missile is automatically guided toward the target. The launcher aims at the target with a computerized sight. The position of the missile is automatically scaled by the sight, which also calculates the necessary guidance signals in order to correct the missile trajectory. Guidance signals are automatically sent to the missile through a guide wire, which is unreel from the missile.

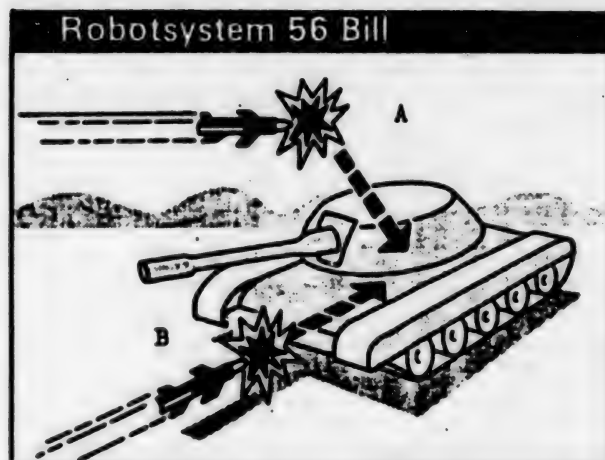
The missile's so-called "active part" is aimed down at a slant. By letting the missile fly 1 meter above the sightline, targets can be attacked which normally are difficult to reach with so-called "flat-trajectory projectiles." The warhead punches through the tank's thinner turret roof or engine compartment plates and deploys deep inside the enemy tank.

The Swedish Army received new Bill antitank missiles starting in mid-1987. The development costs are low for this type of weapon—600 million kronor—a cost shared by the military and Bofors. About 70 missiles were fired during the development work, as well as more than 100 missiles from the series production.

A "real" Bill was fired during Thursday's demonstration, and Bofors paid for the missile. How much it costs is a secret, but "more than 100,000 kronor," according to one expert.

"We expect a great deal from this antitank missile in the international armament market," says director Per Mossberg, Bofors Nobel Industries, to DAGENS NYHETER.

Two market factors determine whether it will be possible to sell an antitank missile with high tactical value—the country must have a major antitank threat and be faced with a necessary procurement situation. The NATO countries fall in this category, as well as the U.S. Certain nations develop their own antitank missiles, with which the Bill from Swedish Bofors will now compete. One sales argument favoring the Swedish missile is that it is highly effective even at short distances. Potential competitors are not.



Teckning: KENT ENSTRÖM

Attacking tanks can be knocked out very rapidly and accurately by the new missile.

- A. Knocks out tank from above, through turret
- B. Conventional antitank missile

Against the background of the current Missile-70 debate with its suspicions about arms smuggling, DAGENS NYHETER asked Bofors which of the named countries are "approved" for the purchase of Bill.

"We have a clear picture of the market. Then, if a buyer shows serious interest, it has to be evaluated in accordance with valid export regulations. Then we will ask for such a ruling," says Per Mossberg.

11949

EUROPEAN AFFAIRS

Disagreement Over Priorities for EUREKA Projects

35190072 Paris *LES ECHOS DE L'ECONOMIE*
in French 1 Jun 88 p 6

[Article by Denis Cosnard]

[Text] With 45 new projects due to be announced in mid-June, the Strasbourg Assembly is deploring the absence of clear choices for the Community's policy on technology.

Hubert Curien should be the only member of the French Government going to Copenhagen this coming 15 and 16 June for the annual conference of ministers from the 19 countries concerned. Some 45 new projects will receive the "EUREKA stamp" on that occasion. Whereas Alain Madelin, Jacques Valade, and Bernard Bosson used to participate jointly in meetings of that kind, the new minister of research was able in recent reshufflings of responsibility to gain supreme control of that issue.

This should strengthen Hubert Curien's authority, since EUREKA, which was started in 1985 at Francois Mitterrand's initiative, has symbolic value for a government intending to make research one of its priorities. Following the conference in Copenhagen, the new minister might also propose measures for giving the European initiative a new lease on life.

The fact is that EUREKA is currently experiencing a kind of crisis of growth: financing for the projects is posing a problem, and the program as a whole is the object of criticism. The European Parliament, for example, following a report by Labor Party Deputy Glyn Ford, has just adopted a resolution declaring that EUREKA "deserves support, but it is not a technological program that Europe really needs."

The main objection stated by the European Parliament concerns the absence of clearly established priorities for EUREKA. "The projects cover practically every kind of technology," Glyn Ford notes. "Those concerned with biotechnology, for example, account for only 5 percent of the total amount of about 30 billion francs. The available budget, which is relatively limited, should be devoted to a small number of specific sectors": information technology, new materials, telecommunications, and biotechnology.

As for the choice of projects being supported in each field, Parliament also notes that there again, EUREKA distributes aid in a scattered manner, with no systematic evaluation of the programs submitted. During a recent round table of European bankers, it was realized that only about one-tenth of the projects were marketable in the short term.

Absence of Small Countries

That obvious drift away from EUREKA's original mission—its official purpose is to help European industrialists improve their position in the high-tech market—is the result in particular of differing approaches by the various member countries.

A West German researcher wrote last year that in the West German view, "technologies quite remote from any marketing concerns and centered instead on protection of the environment are of great importance. The French, on the other hand, assign priority to technologies that can be quickly exploited in the marketplace" ¹.

For its part, Parliament is recommending that efforts be concentrated on applied and innovative research even if that means reducing the amount of aid going to basic research.

Another complaint by members of the European Parliament is that involvement by the small member countries is proving to be "insignificant." Out of a total of 168 dossiers approved to date, "Iceland is not participating in any projects, Ireland in 2, Luxembourg in 3, Greece in 5, and Portugal in 7." That represents a serious gap in comparison with the big countries. French firms, for example, are involved in no fewer than 82 projects.

Glyn Ford points out that from the financial standpoint, "the situation is notoriously difficult." While asking the Commission to increase its contribution to the program, Parliament nevertheless considers it advisable to increase private financing's share in the projects. That share is currently set at around 40 percent.

Footnotes

1. Christian Deubner, "EUREKA Among the National Policies of Europe," *CAHIERS DU CIRAC*, May 1987.

11798

FEDERAL REPUBLIC OF GERMANY

Options for International Project Financing Explained

36200147 Frankfurt/Main *FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT* in German 13 May 88 p 7

[Article by Dr Siegfried Borggreve: "Credit Guarantors Must Cooperate Closely"]

[Text] The term "project financing" is prominent on international markets. Project financing is likely to gain increasing importance in Third World countries and also in the state trading countries. As project financing has increasingly turned into a significant competitive factor, exporters are compelled to offer it in suitable instances, even if this means that they have to accept greater risks.

This holds true, in particular, if exporters, themselves, need to finance part of the transaction (in joint ventures, for example) or even assume certain operator risks in addition to project financing risks. By now, many international projects are offered for tender in such a manner that only those suppliers who accept these additional risks are considered.

One of the better known financing models is the BOT (build-own-transfer), first practiced in Turkey. Legislation there provided an opportunity for private investors to construct industrial plants (in this particular case, power plants), operate them for a specified concessionary period and, at the end of that period, transfer them to the state. The initial investor, then, is a private joint enterprise. The exporter is compelled to participate in this and also to assume, for a specific period, the risks involved in the operation of the project. In more precise terms, this is in fact a BOOT model (build-own-operate-transfer), because the assumption of operator risks is a prime consideration here.

The profitability of the project is closely related to the operator/exporter's technical expertise and the quality of his personnel. He may reduce his (financial) risks by the optimum operation of the plant. Project financing on the BOT model has now come to the fore in several other Third World countries, especially in Southeast Asia, and in various industries. Usually the project involves the improvement of the infrastructure (road and bridge construction, telephone networks and, in particular, thermal and hydroelectric power plants). The putative suppliers are often international syndicates of varying composition, which tend to include experienced project operator companies.

The advantages of such financing models for Third World countries are quite obvious. Private investment is strengthened; additional foreign capital is drawn to the country at least for a limited period; risk participations avoid the dereliction of projects; the project is financed by its yields—and this applies to debt service as well as to capital reflux. On the other hand, additional risks are involved for the exporter. The economic risks of the project, including operator risks, may increase substantially as the result of politically motivated measures; the transfer with regard to debt service may be adversely affected as well as the return transfer of the capital investment.

Government credit guarantors are now intently studying the question whether project financing can be covered within the framework of the available credit instruments. On the one hand, the international market trend has resulted in the corresponding initiatives of exporters and participating banks. On the other hand, the expectations of the potential Third World customer countries have been encouraged by the proposals and reflections of the World Bank and the International Monetary Fund. These latter favor a generally greater emphasis on quality assessments in the export of industrial plant and on

insertion in sectoral and structural programs. From the aspect of the government's coverage of risks, the investigation of the risks involved generally focuses on the question of the risk presented by the country (the purchaser country's financial and transfer strength) and the soundness of the customer or respective guarantor. In the case of project financing, the investigation of the customer's soundness is replaced by an investigation of the project that is required to be self-supporting. In addition to operating cost, it will have to earn the necessary debt service (and that with adequate certainty). This type of financing, therefore, crucially depends on the projects' eventual profitability.

With respect to federal guarantees, project financing has only recently been considered eligible for insurance. This followed the close scrutiny of several individual cases. This involved mainly large-scale plants, ships or construction projects. No decisions on coverage have so far been made with regard to project financing on the BOT model, though such financing models are being investigated. The pertinent export guarantee committee (IMA) developed criteria applicable to the investigation procedure and the organization of coverage. In view of the fact that there is a need for far more detailed examination, a special expert opinion by a recognized auditor (Deutsche Revisions-und Treuhand AG [German Auditing and Trustee Company], Hamburg) is always required before any IMA decision is issued. The applicant must pay the costs of that expert opinion. According to the "general conditions," the political and economic risks arising in the sphere of the customer country or the relevant external markets are coverable in principle. Depending on the project structure, the clear definition of these risks may be difficult (especially with regard to the BOT model), in particular whenever the exporter needs to assume operator risks. An especially careful risk analysis is required in such cases, including also the extent of operator risks.

In connection with a project financing proposal on the BOT model, the American Export-Import Bank and also the Swiss Credit Insurance "Gerg" made available the respective coverage instrument, though the amount of the risk is limited. The British export guarantee corporation ECGD issued a press release to inform of its guarantee models for project financing. These include the three following options:

—Standard coverage for political hazards (war and transfer hazards)

—Expanded coverage for political hazards (government intervention liable to disrupt the operation of the project)

—Additional: Business risk coverage, provided that the banks involved carry at least 40 percent of any business risks.

ECGD notes the necessity of these coverage models for major export projects, because project financing represents an increasing factor in these.

Cooperation among government credit guarantors for the purpose of international project financing is still in its infancy. International syndication requires a particularly close coordination of the respective coverage practices. Existing coinsurance agreements need to be handled pragmatically. That is important if the respective extent of coverage is variously defined in the individual case. It is quite obvious that differing government guarantees for project financing are likely to produce distortions of competitiveness—for example if a BOT model is offered with or without or with only limited coverage.

The minimum credit conditions stipulated for export credits by the OECD consensus (such as maximum credit life, minimum down payment, ban on years free from redemption, repayment rhythm) could in some cases of project financing be so restrictive as to adversely affect the profitability of the project. In the period of activity, in particular, expenses are especially high, so that years free of redemption or rising loan ratios make economic sense. It is also possible for the duration of write-offs to be so calculated that a 10-year life for the loan is too short. In these or similar cases it would be appropriate to consider whether the consensus regulations might not be handled more flexibly. Of course, in view of possible evasions, exceptions would need to be narrowly defined—for example only for project financing on the BOT models or in connection with joint ventures involving the exporter's capital investments in the customer.

Project financing in countries with transfer or rescheduling problems makes sense only if the cash flow surplus is earned for the purpose of settling the debt service in foreign exchange and, if possible, is collected and paid from an offshore trust account. In that case, such projects represent an essentially political risk for the credit guarantor. As for rescheduling countries, it would be desirable with respect to such projects for the Paris Club to establish a savings regulation within the framework of a special agreement. This might be appropriate if the project is likely to earn foreign exchange in addition to that needed to service the debt, and this additional foreign exchange would then benefit the general debt service.

11698

CSU General Secretary Proposes Aerospace Ministry
36200155a Munich SUEDEUTSCHE ZEITUNG
in German 19 May 88 p 1, 2

[Article by Klaus Dreher: "CSU Demands Aerospace Ministry"]

[Text] Munich, 18 May—Deputy General Secretary of the CSU Erwin Huber has stated that now that the chancellor is thinking about a reorganization of the

cabinet, the structure of federal ministries should also become the subject of debate. In a conversation with SUEDEUTSCHE ZEITUNG, Huber confirmed the CSU's demand that an air and space flight ministry should be established. Huber explained this demand with the remark that FRG participation in European and international aeronautics and space flight is part of its future tasks. The creation of the Federal Ministry for the Environment by Chancellor Helmut Kohl showed how important it is for the FRG to take a stand on future problems. A few years ago no one would seriously have believed that the Airbus would succeed against the international competition.

In Huber's opinion such an Aerospace Ministry could be put together through apportionment from other departments. The Ministry for Research and the Ministry for Economics would be possibilities. Huber admitted that with such a new creation the financial means could not be increased. But by putting together competencies which are now scattered, such a body would work more efficiently. Huber added that the Federal cabinet would not in any way have to be enlarged because of this. On the contrary; another department could be made available. Furthermore, Huber supports the demand from CDU/CSU ranks that, after 12 years of abstinence, "personal representation as well by the CDU/CSU in the area of economic policy" should be assured.

11949

Growth in Service Sector Relatively Slow
36200164 Hamburg DIE ZEIT in German
27 May 88 p 34

[Article by Klaus-Peter Schmid: "The Engine Sputters"]

[Text] Do only the Americans know how? While in the FRG between 1973 and 1984 approximately 1.7 million jobs were lost, they created millions of new jobs in the service sectors. But that is not all: the job machine will probably go on spinning as before. A study by the Hudson Institute, presented a few weeks ago, of the U.S. labor market in the year 2000 confirms that all new jobs and the greater part of the new prosperity will be created in the service sector.

What influences development on the other side of the Atlantic cannot really be all that meaningless over here. A study by the Institute of the German Economy, with close ties to industry, states: "The service sector is today the undisputed growth reservoir of developed national economies." The authors, Guenther Buttler and Wolfgang Simon, are on sure ground: "Only the service sector expands. It not only increases continually its share of the national product; more people find employment in it even in times of recession."

As early as the 1950's, especially Colin Clark and Jean Fourastie pointed out that agriculture and industry lose some of their significance in a modern economy, and

that services gain preponderant importance. Fourastie believed in the vision of a service society providing employment for everyone. This prospect was for him the "great hope of the twentieth century."

This vision was correct in at least one point: the structural shift actually came to pass. Says Hans-Juergen Krupp, president of the German Institute for Economic Research (DWI): "Today, no serious doubt can be entertained any longer about this century's trend toward services." An international comparison, however, demonstrates strikingly that, on this road, the FRG is lagging considerably behind comparable countries. The transition from basic production (agriculture) to goods production to service production is taking place, but at an astonishingly slow pace. In the FRG (1984), 53 percent of employees work in the service sector, in France it is 61 percent, and in the United States it is even 71 percent.

The Ifo Institute in Munich comments: "Within defined institutional limits, the U.S. appears to be the most strongly developed service society. The FRG, on the other hand, lags the farthest behind, even behind Japan."

A detailed analysis shows that employee numbers, particularly in the "human services" area, are comparatively low. This includes education, health, social services and nursing. In Sweden, more than one-fourth of all employees work in this area, in the FRG hardly more than one-tenth. Striking differences can also be observed in "commercial services" (for example, in telecommunications).

From this viewpoint, the German economy appears practically underdeveloped, and economists are hard pressed for solid explanations. Frequently it is pointed out that uneven statistical definitions distort international comparisons. This holds true, for instance, for "hidden" services: In goods production, they are provided by the involved enterprises themselves and, strictly speaking, should be attributed to the tertiary sector. But although German enterprises have integrated many service performances in the production process which elsewhere are contributed by external enterprises, this explanation does not suffice to make the German lag understandable.

More plausible is the argument that disproportionally rising service costs deter from service consumption. Prof Fritz W. Scharpf says: "Examples of that are easily found; such as the competition of private automobiles replacing public means of transportation, private washing machines vs. commercial laundries, the television set vs. theaters and movie theaters, do-it-yourself vs. craftsmen—but also the rapid spread of self-service in supermarkets, gas stations, banks, restaurants, and vacation apartments."

The argument of forbiddingly high prices is also applicable to services offered not by private enterprises, but by the state. Empty coffers and austerity programs for

social insurance institutions without a doubt put the brakes on the development of social services. But corresponding private offers are generally not competitive with the subsidized public sector.

Furthermore, two decisive conditions which got the U.S. job-machine rolling are not acceptable to German employees:

—Many of the new jobs provide only low or minimum wages which are below the legal or collective wage agreement limits.

—Filling the new jobs requires great flexibility; applicants must make do with part-time work, low social protection, change of locations and a lack of opportunity for career advancement.

This does not correspond to the concepts of a German employee of a promising, secure job. Prof Horst Siebert of Constance opines: "Our institutional rules have made work, the production factor, into a fixed factor. Protection against dismissal, social programs and a number of other regulations imply that hiring an employee is a long-term decision for an enterprise, one not easily revised."

Thus, the DIW chief, Krupp, is only correct in principle when he reasons with a view to the little developed services in the German economy: "Looking at this proven lag, one must be aware that it concerns considerable employment potentials."

The hope for a job-machine like the U.S. model is fallacious, because no German trade union would be willing to accept the U.S. game rules of the job boom. Greater flexibility at low wages does not fit into the German landscape—not even with more than 2 million unemployed.

This does not mean that the tertiary sector in the FRG is doomed to stagnation. In a projection dating from November 1985 done by the Institute for Job Market and Career Research (IAB) in Nuremberg, a share of 58 percent of all employees is ascertained for the year 2000, at least a few percentage points higher than today. But that would still be a long way from a service society à la Fourastie.

It would not even provide a significant easing of the job market. According to the IAB experts, with realistic assumptions the job losses in agriculture and industry would just barely be compensated by new service jobs.

**Evolution of Professional Career Woman,
Implications Seen**
36200141 Frankfurt/Main FRANKFURTER
ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in
German 6 May 88 p 7

[Article by Gerda Berger: "In Search of One's Own Way"]

[Text] The Federal Institution for Labor is watching with concern what, in practice, probably cannot be stopped—the steady rush of women into employment. There is, however, another fact that worries particularly entrepreneurs and politicians—the growing demand by ambitious advancing women for leadership positions.

Women discovered long ago that they can "stand their ground" excellently even in more influential positions. And they create ever better preconditions for it through ever better educational and professional training (their percentage of graduates with a university entrance diploma is 44.9 percent at present; 37.9 percent are enrolled at universities, while it was only 25.6 percent in 1960; and by now, one out of two female managers under 39 years of age has completed her university studies, while only 21 percent of those over 40 have done so.)

It is not surprising, therefore, that women see themselves less and less in the role of helpmate for a husband's career. They want to succeed in a career themselves, or at least gain more leeway for independent action.

True, these demands are not new. They have been raised for more than a decade. However, the "5-percent quota" system of key positions to be held by women in industry, politics and administration has yet to be implemented in this country. But competitive pressure is growing stronger. The subject is increasingly in the cross fire of opinions and criticism. Particularly the "hawks" among university-trained youth finally want to see action (catchwords: plans fostering women, quota regulations, and work organization fairer to women).

Their spokeswomen direct their spears at men's crusty, patriarchal thought patterns, at their still highly unsatisfactory willingness—from the female viewpoint—to rewrite the all too well known gender-specific task allotments into equal competencies. Men continue to show a lack of sensitivity for the double and triple burdens carried by women; a lack of acceptance of women in leadership positions; and lastly, the lack of equal opportunity at the start of a career as well as in advancing on the career ladder. In the matter of income, women continue to be disadvantaged, despite the frequent pressure for "double performance." At the level of department heads, for example, 60 percent of men, but only 28 percent of women are above the DM100,000 line.

There is uncertainty in the search for one's own leadership style. If women do not develop enough toughness and authority or deliberately keep a low profile in this

regard, the exclusive men's clubs see themselves confirmed in their skepticism vis-a-vis the "weaker sex." But if women demonstrate these traits of attitude, they are quickly called unfeminine. The male actors at the levers of power thus pilloried sometimes offer more concrete counterarguments:

The availability of truly capable women, suitable both from a professional and overall personality development for qualified and highly qualified positions, has only grown in recent years. True, men of such qualifications are also relatively few and far between. But in the selection process, the still considerably greater spread of well-trained men with leadership experience as well as the advancing male recruitment potential as a rule even today provides more winners. At present, at any rate, there is still a noticeable lack of professional women who concentrate in adequate numbers on fields of study which are in demand, and thus also career-oriented, such as engineering or business administration.

According to the employers' side, it is true that women university graduates are more willing than in previous years to participate in the training and continued education programs of enterprises. But if that means living abroad or temporary regional transfers, the mobility of female managers, particularly married ones, continues to be limited. On the other hand, the enterprise often loses them due to a career-oriented regional transfer of the husband.

These are not the only reasons why the systematic development of female managers constitutes a certain investment risk for the firm. As a rule, a woman assigns different priorities in her life intervals. But the legitimate wish to have children, the so-called family phase, almost always means a break in the career. Depending on the length of interruption, naturally, a smooth transition for the returnee is usually problematical. Furthermore, the double burden definitely produces effects, particularly in view of the great demands placed on a woman manager.

Frictions between the "lady boss" and her staff are relatively rare. But in the cooperative beginning phase, frequently there are considerable prejudices against female bosses. Women entrepreneurs, hardly suspected of an anti-emancipation course vis-a-vis their own sex, now and then also register similar concerns and experiences. This is probably an explanation of the fact that the proportion of women managers in the approximately 1,700 member firms of the association of women entrepreneurs is only about 11 percent today.

But avantgarde women will hardly be discouraged by these admission hurdles; rather, they will look for ways and means to overcome them. They are steadily gaining in stature. They acquaint themselves increasingly with the game rules of high-carat male society, they learn relatively quickly the art of the "management chess

game," and already turn in an astounding performance in high-ranking positions. A fact that is denied neither by entrepreneurs nor important politicians.

But the price is too high that women have to pay for their way to the top. It consists not only in overcoming skepticism and prejudices, and not only in frequently foregoing children and partnership (almost half the women in the income group between DM80,000 and DM100,000 live alone; they are either divorced, separated, or single). It also consists in the danger of becoming hard or, perhaps better, of "masculinization," through a male role attitude, for example. Some women follow this course because they expect it to be the shortest road to success; others do so because they can keep up with "hard business," with overly abstract demands, only at the price of cutting back their more emotional nature. This might explain the fact that many women prefer to go into a career in personnel management, oriented toward human concerns.

This, however, is not meant to support the much-praised "soft line" of female leadership according to the motto that woman is responsible for the climate, and man for hard labor. Such fair-weather virtues can hardly compensate for a possible shortfall in the willingness to accept risks and conflicts, endurance, and guideline competence. Nonetheless, it hardly seems desirable that women join male society in a pin-striped suit. For in modern understanding, their special characteristics such as empathy, team spirit, in short, their communicative talent as well as their more pronounced capacity for integrating emotional and rational aspects are indispensable for the qualification profile of a manager. So women should not neglect these assets, and [the latter] should be recognized and valued by male management, also for themselves, as leadership criteria to be highly esteemed.

Of course, this balancing act which means no more and no less than measuring one's own identity against "masculine" as well as "feminine" standards, is probably the most difficult feat to be accomplished by a woman manager. This is probably one of the reasons why many capable women refuse to pick up the balancing pole at the very spot where the rope is thinnest: in the competitive arena of large enterprises. They prefer to move into independence, as freelancers and consultants, for instance, where they feel less blocked by male resistance and where they are predominantly successful. They turn to fields of study more adequate to their nature, such as liberal arts, culture and natural sciences. They found their own enterprises, often with little initial capital and minimal initial income, or work as subcontractors for large firms (today, one out of five firms is managed by women, and one out of three foundings of enterprises is due to female initiative.) These brave steps show, among other things, that many women are not always primarily interested in gaining victory trophies on the career ladder, but that they are primarily interested in implementing their own ideas, gaining freedom of action, and

proving their personal capability. They want the freedom of choice in the multidimensional forging of one's life, preferably shoulder to shoulder with men. If this vision turns out to be too problematical; or if attempts at entry or reentry into appropriate positions fail; if family circumstances require more flexibility of time; then they, with much imagination and power of determination, rely increasingly on their own strength and initiative.

However, these evasive and withdrawal maneuvers, no matter how justified, can at best cheer labor market statisticians, but not industry, because in this manner it loses valuable resources of well-trained women who are urgently needed right now, or in the 1990's at the latest. Even today, reputable personnel consulting firms complain about a shortfall of 35-40 percent of upcoming young managers capable of mastering the tasks of the future. This growing demand will continue, because the labor world is in transition from the relatively rigid schedule-oriented organization to the task-oriented one of independently and flexibly operating smaller units of coworkers. The need for additional management personnel resulting from this restructuring, particularly in middle management, can no longer be filled by the male reservoir. Therefore, the most obvious measure must be the endeavor of enterprises to concentrate on more strongly gender-neutral promotion of talent.

But that alone is not enough. Under the given circumstances, government and society, entrepreneurs and politicians can hardly avoid creating further general conditions for working women in general, and for women managers in particular. Like it or not, as in the U.S. one will have to think about introducing controlled preset standard values in favor of women, albeit oriented along strict qualitative yardsticks, in personnel hirings as well as in reshufflings within public organizations. An occasional bad investment will have to be accepted, just to mention the most frequent objection against a quota system. Because, if women are not given equal chances to start and prove themselves on a broader basis, talents cannot emerge on a broader basis, on a practical proving ground. In addition, easing the return to professional life of capable specialized and managerial women after the "family pause" should be taken into consideration, among other things, through keeping their level of knowledge up-to-date with the help of the enterprise. At the very top of the list of demands by women, themselves, are, of course, more flexible working hours as well as store-closing hours, and tax credit for household help.

But above all, men must begin to realize that a woman's integration in the work world also demands greater integration of the man in household and family, or at least it requires more understanding on his part for his partner's need for self-realization and personality development outside the house. The much-lamented distance of the father is increasingly not only a problem for mother and child. It is also a missed experience of life, not compensated for by even the most attractive career of a man. It has to be left open in how far the attractive

career of a woman also affects family life. But, first of all, in those income groups the effects can be better cushioned through outside household help. And secondly, seen proportionally, they will probably continue to be limited. Evolutionary developments do take time.

9917

Bayer To Offer Shares on Tokyo Stock Exchange
36200163a Frankfurt/Main FRANKFURTER
ALLGEMEINE ZEITUNG in German 1 June 88 p 15

[Text] In October of this year, Bayer AG will be the first German enterprise to enter the Japanese stock exchange in Tokyo. Initially, 600,000 shares with the equivalent value of DM30 million will be offered for sale in Japan. But beyond this "great event," the president of Bayer in Japan, Theodor K. Heinrichsohn, also reported a particularly positive development in Bayer's business in Japan. In 1987, consolidated group sales of Bayer in Japan rose by 6.3 percent to 162.8 billion Yen (100 billion Yen are equivalent to about 1.3 billion DM). Approximately half of this amount comes from the pharmaceutical sector. For 1988, Heinrichsohn expects a sales increase of 5-6 percent.

In 1987, however, the profit rise (before taxes) of Bayer in Japan by 26 percent was disproportionately high at 17 billion Yen. As Heinrichsohn stressed before journalists in Tokyo, he assumes a similar development in the current year, also. This is influenced by the fact that the pharmaceutical sector is growing disproportionately this year, also, and at the same time contributes in an above-average way to the result. As Heinrichsohn emphasized for his own business, there are no tariff trade impediments whatsoever in Japan, at least not in this sector.

At this time, Bayer is investing heavily in Japan. In 1987, it amounted to 3.5 billion Yen. This year it will grow to 7 billion Yen, and to 10 billion Yen in the coming year. More and more, this also includes research establishments. In the sector of chemical materials, a laboratory is being built at present with subsequent production. The investment distributed over several years amounts to approximately DM50 million. The field of biotechnology could play an important role in this.

9917

Head of IBM on High-Tech Industrial Location, Investment
36200167 Bonn RHEINISCHER MERKUR in German
3 Jun 88 p 9

[Interview with Hans-Olaf Henkel, chairman of the board of IBM Germany, by Margarita Chiari and Theo Moench-Tegeder: "An Important Signal From the Chancellor: On the Prospects and Risks for the Federal Republic of Germany"]

[Text]

RHEINISCHER MERKUR/CHRIST UND WELT: Mr Henkel, a year ago you were warning specifically of the worsening of the investment and industrial climate in Germany. Since then, your statements sound clearly milder; you even speak of great investment plans by IBM in the Federal Republic. Have you revised your thinking in the meantime?

Hans-Olaf Henkel: No. We are dealing with a topic of industry location because we believe that certain conditions must be the subject of rethinking. It is not that the industrial climate of Germany has worsened; but rather, conditions in many of the competing nations have improved. And in competition, it is only relative advantages that count.

We wish to point out that, for example, the tax conditions in England and France have improved dramatically; that the Italians and Spaniards are, in the meantime, also producing good-quality products, that in Japan, the workday is much longer than here. As a result of foreign countries catching up, the relative advantage which Germany has in the competition for industry location is diminishing. That's what it is all about.

Take, for example, our sector: although the Federal Republic was a world champion exporter twice in succession, the trade balance in the data processing and office equipment industry has, in the meantime, become a deficit. This is not yet known to the public. Last year, the deficit amounted to DM2 billion and without IBM Germany the deficit would still have been DM600 million. Although IBM Germany is a net exporter—the largest in the sector—a deficit in this key industry is of considerable significance for Germany as an industry location.

[Question] Is this not at the same time tantamount to putting down Germany as an industry location?

[Answer] I don't consider this argument to be valid. And anyway, this is mixing up cause and effect. Whether it is government, the unions, or the employers—we all agree that we want to keep economic conditions in Germany attractive. There are no differing views. The question is only: How do we do this? I am convinced that we must change certain things; for example, the taxes or the encrusted labor structures. But we can only make such changes if we talk about them. Abroad, this discussion will do us no harm. On the contrary: the fact that something is changing is an important indicator for investors.

Tax Reform Is Costing IBM DM30 Million a Year

[Question] Has something already changed?

[Answer] I will give you two examples. We would not have found such broad agreement internally for Sunday work in our chip factory had we not placed this topic into a broader context. We stated clearly: interruption of

production over the weekend means the production of more scrap here during the week. Construction of a 4- or 16-megabyte chip factory in Germany becomes doubtful if we cannot work continuously.

Second: Federal Chancellor Helmut Kohl made a speech at the opening of the Industrial Trade Fair in Hannover which was really impressive. He dealt intensively with the topic of Germany as an industrial location. He spoke not under the headline "Don't Run It Into the Ground" or "You Are Dealing Here With an Imaginary Invalid," but rather from the viewpoint: "What must all of us do to keep Germany attractive as an industrial location?" He then gave a signal for which we had all waited: during the next legislature period, corporate taxes will be addressed. It was the first time that the Federal Government has said anything on this topic. This was precisely what we had demanded repeatedly in recent months. Also, the topic of corporate taxes in Germany has, since then, been viewed within the worldwide IBM conglomerate with less tension.

[Question] And the experiences involving the discussion of the tax reforms of 1990 do not frighten you?

[Answer] No. For me, this is a step in the right direction. There are likely many imperatives which combine to keep the Federal Government from doing everything at once. One must have some understanding for this. The 1990 tax reform is not necessarily pleasant for corporations. For example, for IBM: although 90 percent of the employees will be tax-advantaged, the enterprise, however, will be taxed approximately DM30 million per year. It was precisely for this reason that the signal given by the federal chancellor is so important.

[Question] How is the discussion viewed by your parent corporation in the United States?

[Answer] It is not a topic there. After all, it has barely been reported on the international scale. What really caused a stir was the discussion about working on Sundays. The fact that this obstacle was removed already contributed to improving Germany's position in the international production association.

[Question] In other words, you are saying that the law suit by IG Metall against the IBM executives and against the enterprise council has no merit?

[Answer] We are convinced that we are fulfilling the legal exemption conditions.

[Question] And now, you feel that the topic of Sunday work has come through?

[Answer] Yes. But I would like to make it clear that the IBM directors here in Germany never spoke out in favor of a general expansion of Sunday work. We only demanded that the exemptions which the law makes

possible—which have been used by the chemical industry for 100 years—also had to be applicable to other enterprises or industries in a similar situation. Some 80,000 people work in the chemical industry regularly on Sundays. Overall, more than 4 million people regularly work Sunday shifts. It had struck me odd that the 400 employees at IBM were so very much singled out after the same question had been answered positively at Regensburg, Flensburg, Hamburg, Munich.

[Question] You do not fear a permanent conflict with the trade unions?

[Answer] My position with regard to the trade unions is neutral. They must adapt to the new labor structures as rapidly as possible in order to be able to maintain the relative strength of Germany as an industrial location in the international comparisons.

[Question] To ask it another way: Do you believe that employers should defend their positions in negotiations with the trade unions in a stronger fashion, perhaps with regard to incidental wage negotiations?

[Answer] At Hannover, the chancellor rightfully read the riot act to entrepreneurs when he said that 50 percent of the incidental wage costs, which we are always complaining about, had been negotiated contractually. This shows that, in improving the position of Germany as an industrial location, all social groups are challenged.

[Question] An additional topic in this discussion are the subsidies. Do you feel disadvantaged in the face of comparable enterprises in Germany, as well as in comparison with firms in France, America, Great Britain, or Italy?

[Answer] I am fundamentally opposed to subsidies—irrespective of whether they are in Germany, France, or America. I also do not feel disadvantaged in terms of the final results. If I precisely examine that which was achieved by the DM9 billion in subsidies which the various federal governments have expended on data processing promotion programs, then I cannot say that I feel disadvantaged. What makes me angry is that the not inconsiderable taxes paid by IBM Germany apparently contribute toward supporting competitors to a disproportionately high extent.

[Question] Are the British, French, or Americans more agile then because the state supports them less?

[Answer] The evil of subsidies is not specific to Germany. Everywhere in the world sins are committed against the spirit of free competition. I can also not recognize whether the French or British competition had gained market advantages on the basis of subsidies. However, one cannot say the same for the Japanese.

[Question] There are also complaints that the Federal Government is doing too little in view of the deregulation and liberalization. Meanwhile, the restructuring of the postal service is going on. Does IBM see any entrepreneurial strategic advantages in this move?

[Answer] Indirectly. What the government has decreed still lags behind the proposals made by the Witte Commission for the preparation of liberalization, as well as that which is called for in the Green Book of the European Community. Nevertheless, we, as entrepreneurs, should support the federal postal minister in this situation. I believe that he brings that which is politically doable into the parliament. This is also a step in the right direction.

I look for liberalization to do the same as does the federal postal minister: a departure from antiquated structures. This will lead to higher growth rates in the overall telecommunications area, to a greater variety in the supply, to a higher rate of efficiency on the part of German enterprises which handle telecommunications, to higher productivity among the large enterprises and in metal management. And all of this will benefit the competitiveness of our enterprises in the international picture and, in the final analysis, the attractiveness of Germany as an industrial location.

I must add that the infrastructure of the postal service is fantastic today. That which the postal service has accomplished in recent years is also recognized internationally.

The Image of an Indolent South European Has Become Outdated

[Question] And what are the specific advantages accruing to IBM from the liberalization?

[Answer] There are no direct new business areas which we wish to address on the basis of the postal reforms. The Federal Postal Service is already a good and valued customer today.

[Question] No complaints that, as an American concern, you are disadvantaged when it comes to the placement of orders?

[Answer] No. The criticism which is frequently heard from abroad that the Postal Service is restrictive with respect to its contracts and favors national suppliers is simply not true in the areas in which we are active.

[Question] The fact that there are access limitations can hardly be disregarded....

[Answer] As everywhere else, there are standards for central procurement systems. We are not active in this market and we also have no intention to become so. But we are working on a joint study with Siemens in order

to—to say it in a simplified manner—bring together that enterprise's capabilities in the area of central procurement systems with our capabilities in data processing.

[Question] How strong are the advantages of the FRG as an industrial location? A big plus has to be that one can find more qualified and more motivated employees here than perhaps in France, England, or in Spain.

[Answer] I am not so certain when it comes to motivation. Everyone who has experiences involving Spain or Italy finds out that people there work just as hard as they do here. The image of the indolent southlander is not at all appropriate to today's reality.

Certainly, in the development of software—in order to take our industry—the Germans are particularly competent. We have 3,500 software houses in Germany with 50,000 highly qualified employees. This is an enormous advantage for our entire economy. There is probably no country in which—seen on a relative scale—so much software competence exists as is the case in this country. On the other hand, Germany has a shortage of 40,000 computer scientists, but at least 30,000 unemployed teachers.

If we rest on the laurels of our location advantage in "education," then we are making a catastrophic mistake. Germans learn and study too long. When we hire somebody new today he is frequently more than 30 years of age following his abitur examination, his term of service in the Bundeswehr, his studies, and his apprenticeship. Some 30 percent of Germany's students change their topics of study and this alone leads to increases of 1 year in the average length they spend studying.

The Federal Government had the praiseworthy idea to campaign for mutual recognition by European Community countries of advanced school final examinations. As a result, our German students must compete with foreign students who can definitely be ready for competition at 26 years of age, compared to ours at 30.

[Question] What positives do you list in first place when you wish to "sell" your conglomerate headquarters in the United States on Germany as an industrial location?

[Answer] The educational level of the employees, the quality consciousness, the social equality.

Also, the predictability of the German Government is an absolute advantage. The alternative to Margaret Thatcher would be Neil Kinnock. This would result in a landslide in England. Changes in government in Germany have not necessarily resulted in such events; foreigners know how to value such events.

[Question] If you had the choice to select a location in Europe, which would you consider to be the most advantageous?

[Answer] That depends. Our employees here in Germany have innovative strengths and an express quality consciousness and we can use this repeatedly to keep our products competitive in the international comparison. However, we have a problem involving costs, primarily because of inadequate working time. Speaking graphically, the year for the Japanese IBMer has 15 months compared to ours.

[Question] It is our impression that two horror scenarios are being drawn for entrepreneurs under the slogan "Europe 1992"—in other words, the realization of the European domestic market. On the one hand, one hears that the enterprises are already conducting sand-table exercises involving the movement of their headquarters to neighboring countries; on the other hand, it is said that cheap labor could flow to the expensive location countries—a pressure tactic designed to lower labor costs here. How much of this is supposed to be realistic?

[Answer] We already have a free choice of employment location within the Economic Community. I see no danger in this; on the contrary, I see this as a solution for our demographic problem. By the mid-1990's, there will be more minors and pensioners than there will be people in the labor force. Then people from other European Community countries will be in demand as workers—in addition to women.

I consider the other thesis to be more of a bugaboo—although it is one whose background must be taken seriously. No taxing authority in any country would stand still very long for the transfer of the enterprise headquarters for tax reasons. Prior to that time, taxation would certainly be harmonized in order to prevent this. There is a certain compulsion for change anyway, perhaps to change the trade tax. A better system simply must be found to finance communities. For example, the Lower Saxony model, designed by Birgit Breuel, presents several very good starting points.

But no enterprise will withdraw from the Federal German market. The question is, where is production to be accomplished? After all, we began this entire industry location discussion because we want to continue to produce here. We are approaching it with optimism and like an offensive operation. IBM Germany will invest 25 percent more in its production facilities this year compared to last year—in order to be more productive and in order to be able to keep pace with the Japanese.

[Question] What dangers do you see for us in the year 1992?

[Answer] I actually see no dangers, but only opportunities—if we perceive them correctly. One must simply recognize that a whole host of things must change by then if we want to remain competitive. This discussion must now be conducted—after all, we only have another 56 months to go.

But it is true: adaptation is essential—say with respect to taxes. In comparison with the rest of Europe our value-added tax is too low and our corporate tax is too high. This will have to be harmonized.

[Question] Your cautious optimism is laudable, but it is double-edged. All of your utterances are simultaneously proof of the fact that the adaptation pace in the Federal Republic is still extremely slow in comparison with other countries. And if this is the case, we continue to be in danger of losing attractiveness.

[Answer] Certainly, if the others develop at a greater speed in the direction of competitiveness, then we will lose. But I am, nevertheless, optimistic. The discussion centered around an integrated European domestic market will, of necessity, lead to acceleration of the speed of reforms in Germany. After all, the pressure exerted by this date is so great that we have no choice but to move more rapidly.

The European Community Domestic Market Compels Politicians To Undertake Reforms

[Question] This means: German politicians are being driven, but they themselves are not driving anything forward. This is not exactly an indication of political leadership.

[Answer] On the basis of many factors—including the election law—German politicians do not even have the opportunity to react as rapidly as, say, Margaret Thatcher or President Mitterand. Our politicians must again and again orient themselves toward what is doable. And by this I mean: the discussion of the domestic market will help them because they will be able to cite the imperatives emanating from it as justifications for even unpopular decisions.

[Question] Wouldn't you rather see a more courageous policy?

[Answer] Certainly, it does not necessarily indicate a willingness to effect reforms in our country, but it speaks for my thesis that, in the long run, a paramount imperative, nevertheless, helps to get something done which is not doable today.

According to my observations, recent months have, nevertheless, seen a discernible change in awareness. More and more political leaders—including those of the opposition—are urging: we must try to influence fate now so as to prepare ourselves for 1992. And if we—also us employers—work on a joint alteration of our awareness, then we will make the task of politicians easier in helping them make the necessary decisions. If we, the economic leaders, do not have the courage to say what must be said, how can one then expect it of the politicians who must be elected?

Bavaria Leads in R&D Spending
36200155c Munich SUEDEDEUTSCHE ZEITUNG
in German 31 May 88 p 25

[Text] Munich—In Europe, Munich is among the finest addresses when it comes to the technological quality of its location. The proportion of innovative industry in the free state has grown considerably and today is about 10 percent above the average for the FRG. Measured in annual R&D spending by the economy, Bavaria, with not quite DM9 billion, is number 1 among the federal states by a large margin. These figures were underscored by Bavarian Economics Minister Anton Jaumann on Monday, when for the first time, he presented the public with a report on the "Research and Technology Policy for the Bavarian Economy."

The minister, who has announced his resignation for this year and confirmed it once again on Monday without mentioning a precise date, let it be known that he has regarded his most important tasks over the last few years to be in the fields of research and technology support. He also spoke of a legacy, as he said: "I see the continued strengthening of the human capital in the next few years as the most urgent task of our research technology policy. Only in this manner will we in Bavaria retain one of the foremost positions in the permanent structural change worldwide."

Jobs of Tomorrow

The submitted report includes all goals, measures and projects which have been developed, simulated, supported and promoted under the key phrase "Promotion of Applied Research Close to the Economy and of the new Technologies" in the last few years. Here, the question involving the jobs of tomorrow are in the foreground. The report wants to contribute to the public discussion about technological capabilities and Bavaria's future prospects.

Jaumann pointed out that in all the leading industrial states of the world, and with particularly dynamic force in Japan, the share of research and development spending of the gross social product is constantly growing. In his opinion it is necessary constantly to increase these expenditures. Only in this manner can Bavaria maintain its attractiveness as a location. He said: "We must put our economy and science in the position of being faster, better and more intelligent than the others."

At present the Bavarian Ministry For Economics spends about DM100 million annually for R&D projects and for technology transfer. The minister's idea is to increase this amount by about DM50 million each year. Even so, state support can only provide assistance for the private economy.

A concerned Jaumann pointed to the plans for building a European microelectronics center named JESSI, on which there were some indications that this project, with

an investment value of DM3.5 billion, was to go to a northern German location. This affects Bavarian interests in a substantial manner (see a detailed report in the political section). The minister also assigned major significance to the promotion of space technology. In this field Bavaria has a good record in its pioneering role. Jaumann is convinced that in the long run a deep gap will develop between users and non-users of space technology. A part of the center facilities for European space flight is to be built in Oberpfaffenhofen; this is especially attractive to the Bavarian economy. The way is said to have been cleared for construction to begin in the coming year.

The economics minister rejected the accusation that essentially only the area around Munich profits from the technology policy. In particular for "new materials" a new center has been established in the Erlangen/Nuremberg—Bayreuth—Wuerzburg triangle. He pointed out relevant facilities at the universities there, at the Fraunhofer Institute for Silicate Research and the southern German synthetic materials center in Wuerzburg, as well as the materials center in Vilsbiburg.

Jaumann expressed himself skeptically about the federal research policy. Promoting research and technology should not be allowed to be abridged into high-tech policy; on the contrary, the companies must enable themselves to combine perfected technical capabilities with the most modern technology. Here lie the strengths of the middle class and particularly the craftsmen. The minister called on employers and scientists to utilize the "raw materials information" even better. A competence and transfer center must be built at each university and each research institute. The economy, as well, must open wider their development institutes and laboratories.

11949

Rau on Economic Future of NRW
36200163b Frankfurt/Main FRANKFURTER
ALLGEMEINE ZEITUNG in German 9 June 88 p 4

[Text] Minister President Rau (SPD) sees the structural change in North Rhine-Westphalia well under way. He assesses the Land's chances for the future as positive, since considerable progress has been made in recent years with the policy of economic and ecological renewal of North Rhine-Westphalia. Despite the difficulties with coal and steel, in his opinion there is a "mood of emergence" on the Rhine and Ruhr. In Rau's words, in coming years the Land will continue to offer favorable preconditions for a "prime quality industrial location." In a government statement before the Duesseldorf Land parliament on Wednesday, giving a half-time accounting for the current 5-year legislative period, with such positive emphasis Rau attempted to undo the negative impressions of the months-long debate over the Rheinhausen steel works and to characterize the Land as an "attractive location for creative entrepreneurship."

Rau presented data for his theory that the structural change in the Land had accelerated considerably in recent times. After Hesse, North Rhine-Westphalia now has the highest work productivity among the federal Laender and was clearly ahead of Baden-Wuerttemberg and Bavaria. In the creation of jobs, the Land is in the middle range of the federal Laender. The number of foundings of new enterprises again rose above the country's average. Coal and steel have long since lost their dominating importance for North Rhine-Westphalia. "Our new raw material is research," said Rau. The achievements of the chemical industry, of machine and plant engineering, and the electrical industry are now in first place in the Land. Two-thirds of all power plants in the Land have meanwhile been fully desulfurized. The construction of [ENTSTICKUNGSANLAGEN] is also progressing rapidly. North Rhine-Westphalian enterprises are leading almost worldwide in the development of environmental protection technologies. In recent years, the Land made more funds available for vocational qualifications of young people than all other federal Laender put together.

Pointing to the exceedingly high indebtedness of the Land, Rau dampened hopes that North Rhine-Westphalia would be able to manage the necessary further changes on its own. The Bonn finance and tax policy already placed a disproportionately large burden on Laender and municipalities. In addition, North Rhine-Westphalia carries high special burdens for coal and steel subsidies, none of them shared by another Land.

Rau again demanded that the federal government financially assist the coal and steel regions under Article 104 of the Bonn Basic Law, as it does in the case of the shipbuilding industry, coastal areas, and the Saarland. It is not only a matter of easing the high social expenditures of municipalities. Bonn must initiate a comprehensive reform of financial relations between the federal level, the Laender, and the municipalities. North Rhine-Westphalia provides prepayments of half a billion DM for the creation of replacement jobs in the coal and steel regions, while Bonn only "contributes obligatory authority, but no cash." The Land must adapt to the fact that in the coming years, about 100,000 additional jobs would be lost in the coal and steel regions. Also, the sale of German bituminous coal would not be secure as long as there is no feasible compromise on continued financing of the "coal penny," i.e., subsidizing the power plant industry in using domestic bituminous coal for power production.

For the coming years, Rau announced a number of political initiatives on the Land level. The interlinking of the two mega-airports Dueseldorf and Cologne-Wahn is to be achieved through a "managing holding company." Rau wants a speedy decision from the federal government on the building of the Transrapid magnetic railway between the two airports. Utilization of unused industrial land in the Ruhr area is to be accelerated. Rau

admitted that the official approval procedures for settling new enterprises take much too long; they must be shortened. He wants to maintain the policy of renouncing nuclear energy in North Rhine-Westphalia. He indicated indirectly that the Land government will not approve the Kalkar rapid breeder: "It would be contradictory to want to get out of nuclear energy, and then to operate the rapid breeder." In the structural change in North Rhine-Westphalia, Rau banks in future on even closer cooperation between industry and science. For this reason, 14 technological centers and 22 transfer places had been built everywhere in the Land. "We say yes to enterprising entrepreneurs; one must not always look only at coal and steel in North Rhine-Westphalia," said the Minister President.

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Lafontaine's Ideas Provoke Discussion by Unions
36200155b Munich SUEDEUTSCHE ZEITUNG
in German 3 Jun 88 p 4

[Article by Martin Sueskind: "Lafontaine's Brainstorm Produces Result"]

[Text] Bonn, 2 June—Not to break the thread of discussion and simultaneously not to allow the conflict material to develop into a critical mass—that is what the efforts in the dispute between the SPD and the unions regarding employment policy are all about. The most recent and, at present, last meeting in the framework of conflicts around Oskar Lafontaine's discussion initiative did not bring the matter forward very much politically, but did produce some contributions toward further clarification of the fronts. This also means that the Saarlander shows determination to continue slugging through the subject of working time and wage compensation, which, in fact, did not end up particularly gloriously for him in the first round. Politically, he scored a coup with his discussion initiative, which should not be underestimated, for his own person and for his party, as the public opinion polls show.

After the meeting by the union council of the SPD last Tuesday one could deal with the subject satirically, whereby a bit of truth is hidden in the satire. Now, as before, the caption for the union representatives would be: "Oskar hasn't the faintest idea." Lafontaine himself would counter: "These dinosaurs haven't learned a thing in the last 20 years." And one could imagine party leader Vogel with the statement: "It has cost me a great deal of effort to set the matter straight again."

However, on this side of the caricature remains the fact that both adversaries, Lafontaine and his union colleagues, did move. There is no longer serious talk of eliminating unemployment through tariff policy, nor that Lafontaine is preaching pay cuts and laying the blame for the employment crisis unilaterally on the employees. On the contrary; the participants now appear to be involved in debating political initiatives. In the

SPD union council there were discussions about what the additional role of the state might look like in combating unemployment, for instance in tax legislation (key word: write-offs for the total payroll) or in the matter of labor cost subsidies to the businesses for new employees. Union leaders who have a vision of the future cannot avoid this debate, which also includes the subject of participation by employees in the productive assets or the necessity of a massive qualifying offensive, and they know it too.

To be sure, in the union camp the dominant thinking is still that basically one does not want to alter the status quo very much. On the "wage compensation front" the trenches are firmly cemented, and through language confusion it is deliberately kept in a state of suspension what the consequences of a substantial contribution to promote employment by the employers might be. Because the difference between an increase in real wages and a nominal wage compensation is tremendous. Next week the debate will continue, at that time as a discussion in which, besides the SPD and the unions, business owners and employers will participate. Those who matter in the debate will thus sit at the same table—with one decisive exception: The Federal Government will not be there.

11949

SPAIN

UGT, Government Reconciliation Discussed

Social Spending, Job Creation

35480098 Madrid DIARIO 16 in Spanish
11 Jun 88 p 47

[Excerpts] Madrid—The president of the government, Felipe Gonzalez, declared yesterday that he will not formulate "an economic policy without taking into account the opinions and the support of the participants in the social dialogue." He reiterated that job creation is a "priority."

Gonzalez spoke yesterday at the closing ceremonies of the meeting held by the central committee of the International Federation of Workers of the Metallurgical Industries, to which the General Union of Workers (UGT) belongs. The meeting was held in Madrid and was attended by 300 delegates from 71 countries.

Felipe Gonzalez attended this ceremony a day after meeting at Moncloa Palace with Nicolas Redondo and his executive committee. At the meeting, the two sides managed to clear away obstacles that had prevented them from seeing eye to eye on a number of social issues.

Solchaga Compatible

In response to queries from reporters who waited for him at the entrance, the president stated that the presence of Economy Minister Carlos Solchaga in the government is perfectly compatible with a more social policy.

When asked whether Solchaga's presence is compatible with a more social policy, Gonzalez responded in the affirmative, and stated that he did not know why people were concluding otherwise.

"There is one thing that I think is important to emphasize: In the past 2 years, we have been creating a net total of 1,000 jobs a day, and I think it must have something to do with the fact that we have pursued a policy of restoring the economy's health," he said.

Gonzalez described yesterday's meeting with Nicolas Redondo and the UGT executive committee as "positive," and reported that they had decided on the proper forum for holding the negotiating sessions and the time to begin the talks.

He acknowledged that relations with the UGT have improved, and he added in this connection: "I believe that when people talk about tension in the relationship—and there has undoubtedly been some—sometimes they exaggerate. And when they talk about long periods of no communication, they should add a clarification: 'no public communication.'"

In Gonzalez' view, any future policy should be based, at the very least, "on ensuring the continued creation of 1,000 net jobs per day. If in addition to that we create 1,500, so much the better."

"The policy should respond to the fundamental need to create jobs," he added. "Reducing the rate of employment generation would be a policy doomed to failure."

In answer to a question about what he meant by a turnaround in that policy, Gonzalez stated that "I have never made any assertion about turning around or changing the government's economic policy."

"I have said," he declared, "that as we gain more leeway, as has already happened in 1988, we can naturally intensify the social policy. This is what I have said and this is what I maintain."

In his subsequent speech before the central committee of the International Federation of Workers of the Metallurgical Industries (FITIM), Gonzalez cited the need for labor and management, as participants in the social dialogue, to support the government's job creation policy, which is a priority issue for the president.

He called for "conscientious and critical support," because without such support "we may end up with a conservative government."

Gonzalez pointed out that in the years prior to 1982, and afterwards as well, more than 2.5 million jobs were destroyed. The bad thing was not just their destruction, but the fact that there was no employment, he noted.

"This," he said, "has begun to change, as we are already creating 1,000 jobs a day, although this is not enough to cover the growth of the labor force."

He admitted that after 2 and ½ years of improvement in the employment picture, we still face a jobless rate above 20 percent, "twice that of other European countries," he stated.

"We cannot squander the productive capacity of jobless youths," said the president. He emphasized that "no measure that distorts the creation of jobs is acceptable to the government."

With regard to the so-called temporary employment, Felipe Gonzalez asserted, "I need to know whether our economic system requires the incorporation of 300,000 or 400,000 or 500,000 more people in this category. The main thing I am trying to guarantee is that the productive apparatus needs these people."

Redondo: "No to Tripartite Pact"

The general secretary of the UGT, Nicolas Redondo, stated yesterday that tripartite agreements should be ruled out "because they are not viable or effective. This does not mean that no social dialogue is taking place or that there is consultation."

Redondo acknowledged that he is "satisfied" in that "what we have been saying for a long time has finally been accepted, and I would like to think that it has not been due to our pressure, but rather because they are convinced."

In statements to National Radio, the UGT leader indicated that a government has to reach agreement with labor and management "to undertake a series of reforms, some of a social nature, which is what the UGT has been advocating."

"Now," he said, "we have cleared away the obstacles to setting up negotiating tables, and the result will depend on the negotiations themselves. But the simple fact of clearing away obstacles is positive."

"At the same time," he added, "the attitude I have seen in the president of the government is positive. But I insist that we must be cautious until we see the outcome of the negotiations. We will know when we have tangible results."

No Major Policy Change Foreseen

35480098 Madrid DIARIO 16 in Spanish 12 Jun 88 p 3

[Text] The expectations raised by the meeting between Nicolas Redondo, general secretary of the General Union of Workers (UGT), and the president of the government, Felipe Gonzalez, have more to do with the internal disputes in the Socialist family than with any major change that may take place in the government's political line to emphasize its social dimension.

Moreover, what would give satisfaction to the labor leader would not be an increase in the "socialism of the state," which he knows would be difficult and problematic in today's Spain, given the specific international context in which it finds itself, but rather a more generous attitude on the part of the government when it comes time to setting limits for collective bargaining. In other words, the UGT is looking for some respite, for greater leeway.

President Gonzalez is interested not only in soothing tensions with the union but also in creating a climate of social peace. The conflicts are practically limited to the public enterprises; it is to these entities that the government's recommendations regarding wage hikes and changes in the payroll fully apply. The first rapprochements, then, will have to take shape in this area.

Redondo's tactic seems clear on this visit to Moncloa. He came with a desire to listen, to renew ties, to see what will happen. He knows that the union's reputation is tarnished, that the teachers' strike has been a disaster, that union membership is on the decline, and that people do not like confrontations. If the government does not fulfill its commitments soon, then it will be time to get tough.

Felipe Gonzalez subscribes to the idea that there has been a "social turnaround" since 1982. The president is annoyed by hasty interpretations of supposed concessions by the government in the face of UGT pressure. All that is pure rhetoric; the fact is that the purse strings are loosening up a bit, and there is more room for social spending in the upcoming State Budgets, with special attention to pensions and youth employment. Thus, the government can kill two birds with one stone: regain votes, and if possible, bring Nicolas Redondo back into the fold, without changing course.

There is very little room for major concessions. Inflation, given its direct influence on the progress of the economy (which right now appears to be moving ahead at full throttle) and its obvious antisocial nature, is non-negotiable. Naturally, Solchaga is trying to control wage pressures—although that is not the only cause of inflation—as required for price stability.

Consequently, President Gonzalez has proposed budgets for 1989 that are "more social" as a compensatory measure to enable the UGT to go back to its membership

claiming victory. The final outcome is still up in the air, and Redondo still does not trust Gonzalez. In politics, as in other spheres, appearances are often deceiving.

What does it mean to have "more social" budgets? It would be unacceptable to make mere transfers of money or engage in other demagogic diversions. If making the state budgets—which are not only an accounting document but also a powerful tool to be wielded by the government in implementing its economic policy—"more social" means boosting spending, we should bear in mind that the money can only come from three places: the taxpayers' pockets, expanded public debt, or loans from the Bank of Spain. If it comes from the taxpayers via greater tax pressure, resources are diverted from the creation of wealth and employment; if more debt is contracted, it must be financed, and sooner or later this will require higher taxes; and if the government begins cranking up the printing press, the result will be either more inflation or restricted private credit, either one of which would dampen economic activity.

No one disputes the wisdom of making the budgets "more social," but this should be achieved by spending better, not more. Spain is not one to squander its money. The leaders of the Spanish Socialist Workers Party (PSOE) who are demanding a quick remodeling of the government to carry out the new social policy are perhaps being a little hasty. We are probably not on the verge of a new policy. Felipe Gonzalez has not reverted to old-style socialism.

1 Trillion Pesetas for Social Spending

35480098 Madrid CAMBIO 16 in Spanish
20 Jun 88 pp 50-52

[Article by Javier Arce]

[Text] "The government will govern with or without the UGT. We would all prefer to govern with the UGT, but if it refuses to take responsibility along with the government, the latter cannot stop dealing with the problems of this country, of which there are still many." Alejandro Cercas, member of the PSOE executive committee, thus sums up the proposal put forth by the PSOE and the government to its brother union, Nicolas Redondo's UGT.

The president of the government has pledged to budget more than 9.5 trillion pesetas for government spending in 1989. This is 1 trillion more than what was budgeted for this year. He has also agreed to give up on the battle against the public deficit, which will amount to about 3 percent. And he is offering to sit down at the bargaining table with the UGT to determine the fate of the 1 trillion pesetas that the government wants to allocate for social spending.

Two days before meeting with the UGT executive committee at La Moncloa, Felipe Gonzalez made his social speech before the plenum of the International Labor

Organization (ILO). Neither Nicolas Redondo nor Antonio Gutierrez, leaders of the UGT and the Workers Commissions (CCOO), respectively, was present in Geneva. The president of the employers' association, Jose Maria Cuevas, was present. But everyone heard about his proposal: that the trillion pesetas be earmarked "for helping sectors such as health, education, and justice. And I can also announce that there will be a major increase in the item of pensions." According to the representative of East Germany, Beuyrether, the speaker was "a great statesman of importance to the entire world." Jose Borrell, who is in charge of the drafting of the budget, stated that "the president has not yet given us the budgetary directives," but he admitted that "there has been a very clear declaration of intent on the part of the person who, in the final analysis, determines the government's policy."

Apparently no one has added up the total cost of the president's wish list, which appears in the box below. It is known, however, that Solchaga has made 1 trillion pesetas available to him to pay for these items. Felipe wants to use that money to invest in peacemaking in what is known as the "Socialist family." The government, the party, and the UGT (to which all PSOE members belong) have been pursuing this goal for months now.

According to the president's strategy, peace among Socialists will make it possible to do away with the Workers' Commissions, which are a big headache for both Felipe Gonzalez and Nicolas Redondo. The 1,469 union delegates that the Commissions won last year in the Administration are like a cancer on the state apparatus, so dear to the hearts of PSOE and UGT officials. Antonio Gutierrez, general secretary of the CCOO, has made good on the threat he issued a few days after his first contact with Felipe Gonzalez: "The government's arrogance has met its match."

The schedule of mobilizations that the CCOO has drawn up for next spring is of less concern now. According to a member of the government, "what happened during the teachers' strike, when the Commissions boycotted an agreement that everyone had committed themselves to and that the UGT had signed, was a stupid move by the CCOO. It has become clear to the UGT that Gutierrez doesn't want to make progress; he wants something else."

According to this minister, "what has happened among the Socialists is an utter absurdity, although it may have been inevitable in view of the identity crisis the UGT was undergoing as a Socialist union forced to negotiate with a Socialist government that had to impose austerity. That is over now, and it is time for all of us to 'contribute something to be shared,'" as Finance says. The government, which is Social Democratic, and the union, which is Socialist, must put together a welfare state. This is the way it has been done throughout Europe," he says.

End of Austerity

That was what Felipe Gonzalez explained to the Socialist leaders less than 2 months ago. On 1 May the president of the government did not show up "to face the opinion" of Victoria Prego, but he did have lunch with the executive committee of the full Socialist union. This came after months of estrangement and many skirmishes on all fronts. On the union front, the victim was Alonso Puerta, while on the government front, the fall guys will soon be revealed.

According to a prominent member of the UGT, Felipe Gonzalez showed on the day of the UGT centennial that "he is a pro-labor attorney, a Socialist, and a statesman. He went down to the mat and gave his all." Since then it has been all winks and nods on the part of the government, and dialogue, a lot of dialogue. "That—the dialogue—is our trump card," says the president of the government. The meeting last 9 June, which Redondo described as "positive," claiming that it "has cleared away obstacles on a number of issues," was the public culmination of a reconciliation.

The period of conjugal bliss that is beginning now has the blessings of the lover who broke up the marriage. Carlos Solchaga accompanied Felipe Gonzalez on his trip to the Philippines so that they could talk about everything, the government crisis and possible budget concessions. With the economy moving full speed ahead, Solchaga has agreed to put an end to the austerity period. A year after the confrontation between the government and the UGT, the economic situation is clear: the belt can be loosened a notch.

According to the OECD, the Spanish economy will grow faster than any other in the region in 1989. Everyone in the government knows that first Boyer and then Solchaga turned the country around. In 1982 there were no foreign currency reserves; today there is enough to pay off our entire foreign debt. We could even dispense with undesired foreign investment. According to the INTERNATIONAL HERALD TRIBUNE, "Spain is sitting on the crest of a huge wave of prosperity that shows few signs of breaking."

Alejandro Cercas says, "Today it is more pleasant to be a Socialist." Manuel Chaves, who always kept the government and the union in contact with each other, believes that "in this situation, the government is betting on the implementation of a comprehensive Social Security system that will guarantee a minimum standard of living for everyone." The government has already committed itself to promulgating a "non-contributory pension bill" before the end of the year, a prospect that delights the PSOE and the UGT.

But Solchaga has been reluctant to give anything away, and he has exerted pressure on Felipe Gonzalez. Better social coverage in all areas should allow for a little more

flexibility on the labor market. According to the president of the government, "flexibility is a vast concept that can encompass the particularities of hiring, forms of remuneration, the distribution of work hours, the length of the employee's working life, and the structures of professional training." That is the deal the government is offering the UGT.

Felipe Gonzalez is willing to do almost anything to clinch the deal. He has latched onto the slogan "not a single school without heat," and he has instructed Solchaga to include in the 1989 budget the corresponding allocation of 35 billion pesetas that the education minister promised the striking teachers. A cabinet minister sums it up simply: "These terms were offered because it was possible to offer them. And since we are more interested than anyone in effective public education, these allotments will be made in spite of the Commissions' efforts to the contrary."

According to Francisco Fernandez Marugan, adviser to the president on economic matters, "the fact is that the president has made a declaration of political will identical to that which he made last year, when the allocations for education, justice, and health grew much more than the average."

With or Without the UGT

And the increased funding for social spending is urgently needed, judging by government statistics. According to a study directed by Jose Borrell, which Felipe Gonzalez has already read, there are 4 million poor people in Spain, if the threshold of poverty is set at below 75 percent of the minimum wage. Caritas contends that there are twice as many poor people as that.

Caritas and Borrell both agree, therefore, that the problem "appears serious." And the study directed by the secretary of state for economy adds that the apparently deficient treatment of this problem "is without a doubt the main defect still to be tackled in the Spanish social protection system."

The same report states, for example, that "the funds earmarked for health care have barely held the line in real terms, while the number of beneficiaries has been on the rise. Thus, the real benefits per capita have tended to decline." Felipe Gonzalez wants to reverse this trend. He wants to accelerate the Highway Plan. He wants to spare the Stock Exchange the embarrassment of improper functioning due to problems in the communications system. In short, he wants to leave underdevelopment behind—with or without the UGT's help.

But the rapprochement with the UGT is necessary to attain the domestic peace that Felipe Gonzalez the statesman wants to prevail in Spain on 1 January 1989. That is the day when he will assume the presidency of the

European Community. His house must be in order. Only with his rear well covered can he fulfill his desire for a forced march toward the political integration of Europe.

As Bosschart admits, "in the EEC countries it is widely believed that Spain is the most Europeanist country of all, the one that will really be able to breathe new life into the old continent." Felipe Gonzalez wants to make sure these hopes are not dashed. He plans to show those statesmanlike skills that have been greeted with some skepticism in Washington. A Pentagon official there, sick of hearing talk about Spain mediating in the Central American conflict, commented sarcastically that "Felipe Gonzalez thinks that world peace has to go through La Moncloa."

This Reagan administration official may not say the same thing, or at least use the same tone, if Dukakis is the next occupant of the White House. The Democratic candidate for the U.S. presidency is apparently delighted with Felipe Gonzalez' ideas.

Rounding Out the Strategy

Several influential Wall Street financiers, moreover, are backing the Spanish proposal for a Marshall Plan in Latin America. The Spanish Government has already taken the first step by signing a cooperation agreement with Raul Alfonsin that has been applauded in all the foreign ministries, as well as the executive suites of American banks.

John Reed, president of Citicorp, the biggest financial conglomerate in the United States, did not hesitate to serve as a broker in Telefonica's purchase of the Argentine telephone enterprise. "Everyone is anxious to return there—financially speaking—under the umbrella of a top-flight Spanish firm," explains the president of Telefonica.

With all these plans in his briefcase, Felipe Gonzalez is not in a mood to follow the day-to-day workings of national politics, or the tactical changes of the Workers' Commissions. The CCOO has now concluded its mobilization campaign until the fall. According to a presidential adviser, "we cannot negotiate the integration of the peseta in the European Monetary System or the creation of an EEC central bank if at the same time we have to worry about Gutierrez, the KIO, the banks, or the stockbrokers. Each one of them is fighting his own particular battle."

Felipe Gonzalez evidently wants to take it for granted that Spain has changed so that he can change Europe, and even the international order. The problem is that in any church in Spain, one can still see a sign announcing "Parish Assistance Services": a dispensary (injections and blood pressure tests), a dentist, a center for the reception and orientation of drug addicts—services that our present sickfare state is still unable to offer.

To eliminate this painful contradiction, the president of the government wants to round out his strategy, a strategy that needs just 7 points more of tax pressure over the next 12 years, and a trillion pesetas in cash.

[Box, p 51] The President's Trump Cards

These are the measures proposed by the government to placate the unions and attain tranquility in 1989:

- Free, universal health care.
- 10,000 new hospital beds.
- Increase in unemployment coverage to include 50 percent of jobless workers, beyond the unfulfilled pact signed under the Economic and Social Agreement (AES).
- Increase in the aid pension (17,200 pesetas at present) to 75 percent of the inter-professional minimum wage (some 35,000 pesetas).
- Increase in the number of aid pensions (350,000 today) to 500,000.
- 6-percent raise in the average pension of the general Social Security system.
- Reduction of Social Security contributions and replacement with transfers from the state.
- Shorter work week and earlier retirement.
- Establishment of an Economic and Social Council as proposed by the UGT, the Spanish Confederation of Business Organizations (CEOE), and the CCOO.
- Reform of the National Institute of Employment (INEM), with greater union participation.
- Increase of at least 20 percent in the education budget, to 850 billion pesetas.
- 12-percent increase in state spending for 1989, up to 9.5 trillion pesetas.
- Surrender in the struggle to reduce the public deficit, keeping it at around 3 percent of the GDP.

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TURKEY

Cutting Spending, Not Printing Money Will Meet Debt Payments

35540147 *Istanbul MILLIYET in Turkish*
7 May 88 p 5

[Article by Celal Pir: "Future Cuts of 7.5 Billion in Every Province"]

[Text] "This year," Minister of State Adnan Kahveci has declared, "we are not going to have the Mint run off bank notes for the 500 billion liras necessary to repay the Convertible Turkish Lira Deposit (CTLD) loans. This amount will be met by the sacrifice of 7.5 billion Turkish liras in state investment in every province."

Minister Kahveci, who indicated that during the preceding 4 years an issue (a printing) of 1 trillion 514 billion Turkish liras had been put into circulation to service the CTLDs, summarized the new procedure for 1988 as follows:

"Over the past 4 years, the bank notes printed for these debts has equalled 66 percent of our total currency issue. From now on, we will put an end to this printing of paper money in order to conform with the economy directive. To obtain the 500 billion liras we will repay in 1988, we have planned to eliminate an average of 7.463 billion from public sector investments in each of the 67 provinces. Though investment in projects like the Ataturk Dam and the Urfa Tunnel will continue, economy controls will definitely go into effect."

Investment Economies Again Next Year

Kahveci, reminding us that over the past 4 years Turkey has been printing bank notes in order to provide services and meet its CTLD obligations, noted that in 1989 another cut of 500 billion liras in investment spending would be made. Adnan Kahveci, who indicated that the

government could not obtain significant sums of money through thrift campaigns whose first concern was expenditures on floral arrangements and the use of vehicles, stated the following:

"Events of a startling nature have taken place. In this inflation setting, instead of the anticipated increase in unemployment and slowdown in exports and growth, the opposite has occurred. Artificial factors are at work. We must reduce our expenditures. By September 1989, the CTLDs will have been completely paid off by these economies."

Minister Kahveci, who has revealed that the extent of investment cuts in each province will be determined according to future indicators, offered this response: "This figure of 7.5 billion per province in public sector investment and spending that we will eliminate will also create social and political pressures in that province. Perhaps some money will be printed. In effect, the total paper currency issue that we will print this year will be the minimum possible to prevent social and political hardships."

12575/9604

EUROPEAN AFFAIRS

Report on Demographic Changes, Consequences
35190065 Paris *GEOPOLITIQUE* in French
Spring 88 pp 60-66

[Interview with Jean-Claude Chesnais, director of the
INED Social Demography Department]

[Excerpts]

[Question] Over the past 25 years, Western industrialized nations, particularly in Europe, have experienced a drop in their birth rate. However, does that declining birth rate not entail advantages at a time when the fate of a country depends less on the number of its inhabitants than on its scientific and technical innovations?

[Answer] The drop in reproduction does mean important benefits, but it is all a matter of degree and duration. For example, for some 30 years now, Japan has had a fertility rate about 10 percent under that needed to replace its generations. The decrease in the labor supply has for some 15 years made it easier to adopt new techniques, particularly robots.

But one must also realize that the fertility level has remained nearly balanced and that the effects of the decline in reproduction have been attenuated by the substantial improvement in the survival of children. Consequently, in recent decades, that country has enjoyed a combination of exceptionally favorable demographic factors.

Having overcome the high birth rate and the lower mortality have made it possible to observe a rapid increase in the active population, while the drop in fertility that occurred from 1948 to 1957 relieved the burden on young people. In the long run, supply and demand were greatly stimulated by the population growth. Since 1850, Japan's population has quadrupled and the country has up to now benefited from the demographic boom inherited from the past: 32 million inhabitants in 1850, 84 million in 1950 and 124 million today.

On the other hand, Japan is worried about the future because of the speed at which its population is aging. The advantages of the declining birth rate have essentially been reaped and the disadvantages lie ahead. The country anticipates a massive emigration of older person abroad, mainly to Andalusia, along with a revision of its system of financing retirement and health costs. Its rate of macroeconomic growth now looks low compared with preceding decades and compared with what it is today among its main competitors in Asia.

The Federal Republic of Germany is a relatively comparable case. During its phase of heaviest economic growth (the 1950's), it enjoyed a great abundance of labor and during the 1960's was able, to a certain extent, to take advantage of its low birth rate.

For nearly a quarter of a century, in fact, the declining birth rate has been rather positive since it reduces the spending of households and communities. It therefore makes it possible to save and build up capital and, in longer-range terms, can even reduce the difficulties of integrating young people into the labor market. However, it is not certain that it will necessarily bring about the absorption of unemployment because the number of consumers will start to slump, as will investment demand, starting in the coming decade.

Finally, while the demographic decline does, in short- and medium-range terms, contribute to improved training and greater productivity, one may rightfully fear that over a very long period of time, in contrast, an excessive decline in reproduction—as in the case of Germany—may gradually dry up the influx of young people who will bring their new knowledge with them.

It therefore seems to me that in the long run, by the 21st century, the economic advantage will go to peoples with a minimal density, a limited demographic devitalization and a continuing system of training and management. If the current decline in reproduction persists, the latter criterion would seem to me to be doomed to be absent from the area of Germany.

Moreover, an examination of recent trends leads one to ask certain questions. Contrary to popular belief, since 1970, France's total GNP has been growing substantially faster than that of the FRG, mainly because of the demographic differential! The overwhelming superiority of the mark should therefore not lead on to harbor any illusions. Is the history of exchange rates not rich in teachings?

Such a drastic and excessively long decline in reproduction throughout the European Community is actually a disadvantage in the long run, given the economic rise of countries on other continents. Between the early 1960's and 1985, fertility dropped by 40 percent, going from 2.7 to 1.6 children per woman on the average. In the Federal Republic of Germany, the number of children has dropped by a third. The number of older persons (65 and over) exceeds that of young people under 15 and the difference is steadily widening.

Given the demographic decline and the potential contraction of its internal demand, "old" Europe will have no other choice but to move towards exports, even though its competitive edge is growing dull and while its demographic situation should handicap it in the future, especially if it remains hampered by its rigidity.

From this angle, France, which has curtailed the extent of its population decline and appears a priori more able to face up to the migratory challenge of the coming century, seems in a better position to overcome the future disadvantages of the population shock. In the final analysis, what is important is the replacement gap and its ability to integrate cultural diversity.

[Question] In the long run, what will the geopolitical and social consequences of the North-South demographic imbalances be, particularly in "open" societies?

[Answer] The Mediterranean therefore separates two worlds with profoundly divergent economic features. In the North, one has an island of prosperity now experiencing stagnation and soon, demographic decline, acting like a magnet. In the South are growing masses of the disinherited with their eyes riveted on the other world. No comparable case of disparity exists in human history.

The relative lack of success of birth control policies in Muslim countries and Africa, the inadequacy and even failure of development policies in most of these countries and the rise of fundamentalist trends around the Mediterranean are all factors whose combination should result in vast migratory waves. The rise of this migratory potential is demonstrated, moreover, by the ever-greater influx of requests for political asylum.

The demographic center of gravity of the Mediterranean world will shift to the southern Mediterranean. The combination of the demographic implosion in the North and the boom in the South should result in a shift of economic poles in the coming century. This is unquestionably the major consequence that will be recorded by historians in the centuries ahead.

The migration of peoples from the South of Europe, begun about a quarter of a century ago, should continue and, above all, expand. Given the extent of unemployment, any immigration of labor is now poorly tolerated.

Will this be true within 10 or 20 years, when the "babyboomers" are getting along in years and get ready to retire, when the labor market is fed by fewer and fewer people? Will Europe have adequate skilled and unskilled labor resources?

It appears doubtful. Historically speaking, the migration has always been somewhat unorganized, depending on the comparative economic and political situations of the host and supplier countries. One has reason to think the same will be true in the future, but given the imminent creation of a single market in Europe, it would seem desirable to have a minimum of coordination between the migratory policies of the countries in the Community.

Finally, one must not underestimate the difficulties created by the thrust of dynamic Muslim communities active in an old world concerned about security. The gap

in the standards of living, religious differences, even between certain factions of Islam (particularly the Shiites) and the open hostility to the West could pose formidable political problems.

This is why it would be desirable for the migration to be selective and diversified, helping economically dynamic and culturally tolerant minorities. Rather than enduring immigration, one should anticipate it, in a sense, by practicing a policy of preferential entry for groups demonstrating the greatest ability to adapt in the host country.

[Question] How can one explain the population imbalances between northern and southern Europe? What consequences do you see?

[Answer] The demographic imbalances between northern and southern Europe stem more from the past than they do the present. The inversion of migratory trends is the best illustration of this. The influx of immigrants from southern Europe to West Europe has ceased and given way, in the 1970's, to mass returns to the native country. What is more, Mediterranean countries have themselves gradually become countries of foreign immigration.

The expansion of the Community to the Iberian Peninsula and Greece will therefore not have the effects that some expected a dozen years ago on movements of workers to West Europe. It is also true that the end of dictatorships in those countries limits the desire to leave.

In longer-range terms, however, what is important is the collapse of fertility in southern Europe. On the average, the birth rate there is now lower than it is in northern Europe. Large population gaps will be created in certain regions, particularly northern Italy (where, despite the influx of immigrants from Mezzogiorno, the birth rate is by far the lowest in the world).

At the same time, these countries, which for over a century had faced population excesses which they handled through emigration, will now face an entirely new phenomenon: depopulation (already begun in northern Italy) and immigration. Illegal immigration is rapidly developing there.

[Question] What types of population problems do East European countries (including the USSR) face? What do you think of their evolution?

[Answer] In principle, the socialist bloc countries are hermetically closed, sealed off to outside migration. Consequently, the population deficit can only be resolved by promoting a higher birth rate. However, in economies where capital is underdeveloped and wages low, the female population has been totally mobilized to meet the inadequacies of the productive system. It is therefore difficult to ask mothers to expand the size of their families!

Nevertheless, measures have been taken throughout the countries involved to prevent any decrease in the population. As a general rule, these policies have made it possible to raise the birth rate, temporarily at least, and the deficiency of the birth rate remains inconspicuous when one compares it with that of West Europe.

Since 1981, the Soviet Union has set up a policy aimed at stimulating the birth rate in its European regions. Throughout the territory, the number of births increased by 700,000 between 1980 and 1986. Nearly half of this increase is linked to the policy itself, the rest being attributable to the increase in the proportion of young adults.

However, this change does not prevent an increase in the Muslims' share of the country's birth rate (about 1 out of every 3 births). The Muslim population is on the order of 55 million. Despite the current decline in reproduction in southern countries, it should reach 100 million in the long run. Such growth stands in stark contrast to the near stagnation of the Russian population and should exacerbate interethnic and religious tensions, while helping to make major political changes concerning the status of some Asian republics plausible.

[Question] What might the consequences of demographic disparities be between West Europe and East Europe in a Europe in which inter-German and inter-European relations are intensifying and in which communications could be facilitated thereby?

[Answer] Demographic disparities between the two parts of Europe are increasing, but what is more important, in my opinion, is the worsening of economic disparities. The gap is widening and everything leads one to think that in medium-range terms at least, it will continue to grow. Whence the desire to emigrate among a growing number of young people in East Europe.

The Federal Republic of Germany and, to a lesser extent, Austria are the main beneficiaries of these departures. The economic superiority of West Europe and particularly Germanic Europe, benefiting from the change, is becoming increasingly obvious. However, it is as if at the same time prosperity were resulting in a cult of hedonism, a moral disarmament, shrewdly exploited by Soviet disinformation services.

If the two parts of Europe were to come closer together, that rapprochement could come about to the benefit of a militarily superior Russia and an economically dominant Germany.

[Question] Western governments, aware of the need to correct population imbalances, are trying to follow birth control policies. What means can be used? Are they effective?

[Answer] Population policies have a bad press. It is true that they have often consisted of taking reactionary measures or of violating fundamental human rights. But we must agree on what is meant by a "pro-birth policy." In pluralistic democracies such as ours, such a policy can only consist of encouraging wanted pregnancies.

However, in practice, a study of the content of fiscal and social legislation shows that in EEC countries, marriage and having babies are generally objectively penalized in various ways. The choice of a number of children higher than the reigning standard (one or two) results in a certain social proletarianization of the family in question. These injustices must therefore be remedied, by restoring more fairness and with fairer compensation for family burdens.

In France, such a policy has been in place since 1938 and strengthened during the war years, with the effectiveness of which we are aware. The country that had the lowest fertility rate in the world, that renowned "sick man of Europe" so frequently labeled as decadent, has bounced back and, in current trends persist, will find itself as the leading country of West Europe within some 20 years.

However, based on the past and the attitude toward the state, the population debate is not as uncomfortable as it is in the FRG or Italy. The disadvantages inherent in a prolonged population decline are well-known in a vast country in which the deserted villages number in the thousands. They are even more difficult to envisage in countries that have enjoyed a past of continuous population expansion until recent years and in which any explicit intervention by the government to encourage a higher birth rate is reminiscent of the between-war dictatorships.

Whatever the case, in a country such as the Federal Republic of Germany, demographic awareness has made great progress in recent years among political and economic officials, but among the public as well. While a manifest pro-birth control policy is totally inconceivable, an attenuation of obstacles to having babies can be envisaged.

This is that in the FRG, taking the number of children into consideration in figuring taxes has ceased being a minor matter (the tax break is about 8,000 francs per child). Likewise, parental leave with pay has been set up. Since the institution of such legislation (early 1986), there has been a rise in the birth rate. Between 1985 and 1986, the number of births rose by 40,000.

11464/9274

FRANCE

Rocard Forecasts Rise in Unemployment
35190073 Paris *LES ECHOS DE L'ECONOMIE*
in French 26 May 88 p 2

[Text] At the beginning of September, there will be over 2.7 million unemployed. At least that is what is expected by the government of Michel Rocard, who foresees an

"inescapable increase" of "nearly 250,000 unemployed" between now and the end of August. The prime minister makes it clear that the increase will result from the situation bequeathed to him by his predecessor. The head of government has therefore made a decision and chosen to more or less "dramatize" the matter now rather than have to make a month-by-month announcement of bad unemployment figures.

"I must say something serious," Michel Rocard announced at the end of a meeting by the Council of Ministers during which Michel Delebarre had presented a sort of inventory of unemployment and employment. "All the current measures for assisting the unemployed...were organized by the previous government in such a way that over 200,000—probably nearly 250,000—people are going to find themselves automatically and unavoidably" unemployed, since the training programs benefiting them will have expired. The prime minister made known his poor opinion of that legacy, while pointing out that he "would not pass judgment on that way of governing the state."

According to him, the legacy is a heavy one. Last fall, while in the opposition, the Socialists discussed that "time bomb" and sharply criticized Philippe Seguin's instructions to begin almost all the training programs scheduled for 1988 during the first quarter, before the election. The Ministry of Social Affairs now expects the number of unemployed to increase by some 55,000 per month between now and September due to people leaving the training programs but also because of the rise in the active population.

Unable to remain solely on that negative note, Rocard went on to say that the government's "objective" is, "naturally, to put new means of assistance and training into full operation by this fall." For the moment, the minister of social affairs has decided to begin a supplementary training program immediately with an amount of 2.5 billion francs—left by his predecessor, Philippe Seguin—with priority going to the long-term unemployed, women, and young people in difficulty. A directive on that subject should go out to the prefects in the near future.

The prime minister announced, without providing any figures, that a new financial effort would be made to facilitate job placement for the unemployed. And he emphasized that this September, Michel Delebarre will present proposals for ensuring the "improved effectiveness" of employment mechanisms. The Ministry of Social Affairs says that to keep programs open for 212,800 trainees, 14.7 billion francs will probably be required, meaning that 7.5 billion francs will have to be made available.

It is also pointed out that this is not the time for "spectacular reforms" or for abolishing existing formulas. The objective in the medium term is to "make the

mechanism more coherent," work toward "quality," and "construct paths for reintegration" that are better adapted to the long-term unemployed.

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GREECE

Background, Deficiencies of National Health System

35210108 Athens ANDI in Greek 20 May 88 pp 30, 31

[Article by Giannis Toundas: "The ESY Worn Out, Paralyzed, and Deprived"]

[Text] Four years after implementation of the ESY [National Health System], the hopes of overcoming the crisis in the health system have been disappointed to a great degree. The improvements are minimal compared to both the goals of the ESY's inspirers and the extent of the real needs.

Amalgamation of the health funds of the scores of insurance agencies did not proceed because the government did not have the necessary political will to overcome reactions which it fostered itself with its policy and its reliability. The multi-fragmentation remains and the unifying of the health services, which was one of the constituent elements of the ESY, has been pigeonholed.

The provisions for decentralization and popular participation met with the same fate. A Central Health Council (KESY) was able to be formed, but its operation thus far does not justify the expectations which accompanied its creation. The organ's full membership, in which representatives from various agencies participate, has never acquired an essential role. All the weight was shifted to the executive committee, which is appointed by the minister of health and therefore has functioned from the beginning as a government and party staff. This weakened functioning of the KESY recently suffered a new, great blow when, because of the current minister of health's disagreements with the majority of the organ, nearly all its essential competencies were removed from it.

While the KESY has operated, even if problematically, the Regional Health Councils (PESY) have been unable to even be formed. Because the second- and third-degree level of local government did not proceed so that the country was divided into administrative districts, the PESY were not allowed to be established. Thus, the dependence on the centralising and bureaucratic services of the Ministry of Health in Athens continues.

The place where there has been the greatest disappointment of expectations, however, is in the area of hospitalization. The PASOK government, despite its proclamations about a health system not centered on the hospital, threw nearly all the weight of its policy on upgrading the hospitals, particularly in Athens. Despite

all the efforts and money which have been spent, however, the situation today in the hospitals has been improved minimally in relation to the past, while certain problems are even more acute.

State hospital beds increased from 32,247 in 1981 to 35,300 in 1987, though PASOK's goal was to surpass 42,000 beds. This small increase was accompanied by the loss of 7,500 private beds. Thus, totally, there was a decrease of approximately 4,500 beds, with the result that the ratio of hospital beds to population in Greece remains the lowest in Europe.

While state beds showed only a small increase, demand rose far more, however. In 1985, 1.2 million patients came to the out-patient departments in the large Athens hospitals, compared to 800,000 in 1980. Also, the influx of patients from the provinces to hospitals in Athens and Salonica followed the rates of the previous decades. Thus, there was a big increase in the waiting lists for diagnosis and treatment, despite the fact that there was a small decrease in the average treatment time, from 13.04 days in 1981 to 11.24 days in 1987. This fact turned many patients to the private sector, increasing the demand and profits of both the private clinics and private medicine.

Nor were the special hospital units (neo-natal, burn, intensive care, etc.) able to be created according to plans. Although this was provided for by the new organization of all the large hospitals, very few of these units have been created. Of the 63 anticipated intensive care units, only 7 are operating, while none of the anticipated burn units are operating.

The continuing shortage of hospital personnel contributes decisively to the low level of functionalism and productivity in the public hospitals. The goal of 30,000 nursing attendants for 1987 remained unattainable since the 20,000 nursing attendants in 1981 have increased by only 2,000, without their training being substantially upgraded.

The greatest problems appeared, however, in implementing the institution of the doctor with full and exclusive hospital employment. First of all, committee critiques which, in quite a few cases, operated with party or personal criteria were used to judge doctors for entrance into the ESY hospitals. As a result, many worthy professionals were removed from the state hospitals; together with those who declined to offer themselves for appointment, there was a significant loss of experienced medical personnel. The transfer, also, of many doctors from one hospital to another, the entry of new doctors, and the rearranging of many clinics, with the creation of new ones and abolishment of certain old ones, created significant confusion and discord in the already burdened rates of hospitalization, creating problems of dysfunction which have still not been overcome.

The salaries of hospital doctors have also been a source of considerable problems. The significant decrease from their previous wages soon led to a new flourishing of the illicit payment, harming the ESY's basic principle of free and equal treatment. At the same time, the cases of hospital doctors reopening their private clinics, with the silent forbearance of the authorities and despite strict prohibitions, are increasing more and more.

Development of illegal private activity has not been enough, however, to impede the imposition of a civil-servant mentality among the ESY hospital doctors. Working hours are being violated to a great degree, the system of promotion by seniority which is being applied restricts incentives for professional work, while the irremovability of hired doctors not only does not promote their professional development but creates a huge problem for entrance into the ESY of doctors in future generations. Moreover, the hospital doctors' multiple forms of work relations which PASOK was forced to resort to to fill the vacancies created by its policy, as well as the destructive coexistence in many hospitals of ESY doctors with university doctors who maintain their old privileges, complete the negative picture which today characterizes hospitalization in the ESY frameworks.

In addition, the quality of hospitalization is being downgraded by the patients' inability to form a personal relation with the hospital's doctors since different doctors attend them each time in out-patient clinics and different doctors care for them whenever they enter the hospital. This impersonal relation of the patients with the hospital is a blow to the quality of the care offered, particularly in cases of chronic illness where a systematic and long-term attendance within and outside of a hospital is required.

The situation in first-level health care is also problematic; it remains downgraded and in pieces, without any connection with hospital care. The neglect of extra-hospital care is apparent from its low participation in the total expenses for health. Only 11 percent of the expenditures is allocated for extra-hospital services, which presumably would be the focal point of the ESY in force.

In urban centers where Health Centers have not been created yet, first-level care continues to be practiced through the insurance companies, private doctors and hospital out-patient clinics. Fifty-six percent of the first-level services are offered by IKA [Social Insurance Foundation] doctors who, as everyone knows, are characterized by the low quality of their services.

In rural areas, first-level care is offered not only by private doctors and hospital out-patient clinics but also by the 112—of the 186 which were anticipated—operating Health Centers (KY), the 1,069 remaining old-type rural clinics, 118 health stations and 44 IKA rudimentary branches. Fifty-five other Health Centers remain closed, mainly because of a shortage of personnel.

The staffing of the functioning centers may be considered anything but satisfactory. Until recently, only 445 doctors and 265 dentists had been appointed. This large vacancy is owing both to the lack of sufficient incentives to attract doctors to rural areas and to the lack of planning on the part of the responsible parties. The specialty of general practitioners, who would staff the Health Centers, has not yet begun to be given.

Similar vacancies are seen in the staffing of the Health Centers in other health professions, the training for which in the PFY [expansion unknown] still remains rudimentary. The result of all this is that the rural Health Centers operate, in a majority of cases, as small, downgraded therapeutic units, without practicing effectively the PFY, while in urban centers the situation remains the same as in the past. Efforts to introduce the IKA's services into the ESY, so there will be a better organization of the urban extra-hospital services, stumbled against intragovernment quarrels and were abandoned, causing the removal of the previous minister of health.

Finally, as concerns expenditures in the health sector, there was an increase in public expenses for health, from 3.8 percent of the Gross National Product in 1981 to 5.1

percent in 1986, while in 1987 a further significant increase was seen. These increases were not felt by the Greek citizen, however. The spectacular rise in the average cost of treatment because of an increase in salaries, high cost of new technology, poor administration of the hospitals, etc., claims the greatest part of the expenses, while, at the same time, it leads the hospitals' debts, which are expected to reach 50 billion drachmas at the end of 1988, to dangerous heights. Already, during the last few months, many of the programmed or half-finished works in the hospitals have been suspended and funds for financing are being absorbed by operating expenses alone.

Facing these big problems, a solution cannot come from either neoliberalist formulas—we have seen where they lead to in the past—or insisting on completing the ESY in force since the mistaken choices which characterize it make it inapplicable in its totality. It is only with a modern, democratic reformation in health which leads to a new institutional framework that the present crisis can be overcome.

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15, Aug. 1988